

From: Tyler & Jackie Haske, Kalamazoo, MI
Subject: Electronic Fund Transfers

Comments:

Mar 18, 2009

Federal Reserve Board Email comments

Dear Email comments,

Hello,

When my bank account is empty, and my bank knows my account is empty, just like a maxed out credit card, I would prefer the option of the DECLINED debit card response, instead of the invisible overdraft coverage.

Its important to realize when this was conceived, it really was "coverage". It was intended to cover a mortgage payment so the bank wouldn't see a NSF check, and start the foreclosure process. Now in the era of debit card transactions, the system is being abused by banks to rake in money on the free-checking account users. Fewer checks are being written. Debit card usage is way up, hence the need for this new regulation.

No one wants to pay a \$30 "coverage" fee to be covered buying a \$2 coffee he/she didn't (but the bank sure did) know he/she couldn't afford. Let alone another \$30 "coverage" fee for EACH ADDITIONAL debit regardless of its amount (like \$5.75 + \$30.00 for lunch later, then \$10.13 + \$30.00 for gas) Each overdraft fee makes it harder to bring the account current, and they stack up quickly, typically without the customer's immediate knowledge. A letter from the bank comes days after the overdraft fees have already been levied. Why not a phone call instead? Email? Or the card being declined? Opt-in?

Folks making minimum wage should be allowed to spend their money. Every penny of it. That means accounts operating close to zero. Banks know that accounts operating close to zero are especially prone to overdraft. The concept of fees for overdrafting an account is good business practice. A bank deliberately sequencing the drafts out of order to maximize overdraft coverage fees at worst is immoral, and hopefully in the future illegal.

Overdraft fees are predatory; the banks know this so they provide accounts with built in credit lines. Folks with financial literacy know it, get credit lines, then overdraft with impunity, just like using a credit card. Sadly the folks that experience the majority of overdraft coverage fees are poor, and either lack the credit for the better account, or don't realize it exists.

Its well known in the industry these overdraft coverage charges are how banks make their money on free checking accounts. Again, these predatory practices target the poor and need to stop. Overdraft protection should be a clear form, with the APR listed, in

plain English, and opt-in.

Please allow me the chance to opt-in to overdraft services. This is the only way that I will truly feel protected.

Sincerely,

Mr. Tyler & Jackie Haske
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