From: Jean E Allan

Subject: Electronic Fund Transfers

Comments:

Date: Apr 10, 2009

Proposal: Regulation AA - Unfair or Deceptive Acts or Practices
Document ID: R-1314
Document Version: 1
Release Date: 05/02/2008
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Comments:

I support any proposed regulatory amendments that are designed to allow banking customers to expressly opt in or opt out of overdraft protection on ATM/Debit cards. I recently helped by 18-year-old daughter open a checking account at Bank of America, where my family has been banking since the 1930"s. While I grew up using a checking account and then transitioned to an ATM/Debit/Credit card, my daughter wanted an account where she could deposit allowance, gift checks, etc. and then withdraw the funds at a later date, most likely at the branch ATM or at a POS via a debit transaction. The "free" student checking account cames with an ATM/Debit card, which sounded convenient, so we decided to go that route since she would never have more than a few hundred dollars in the account; we weren"t looking for an interest bearing account. We purposely did NOT apply for a credit card. Last week, my daughter "overdrew" the account by making several small debit card purchases, which the bank "as a convenience" allowed to go through without sufficient funds and then charged use a $35 fee for each purchase. The only one that the bank denied was a $90 "hold" put on the card while my daughter was pumping gas, but then the bank conveniently allowed the actual gas charge to go through approximately four minutes later for a lesser amount, probably because the $35 overdraft fee was more than the amount of the purchase. By the time that we realized the problem, the fees were $270 on a series of small purchases. We had both mistakenly, and perhaps naively, thought that an ATM/Debit card could not be used to overdraw an account, especially if it wasn"t linked to a credit card. Common sense suggested that any ATM withdrawal or POS Debit purchase would be debited from the account immediately because the use of the card involves electronic equipment designed to track real-time activity. One would think that the bank would have done a credit check on an 18-year-old before extending her credit, but instead by using this underhanded approach the bank avoided having to establish her creditworthiness and then, in essence, extended her credit and then slapped her with fees that exceeded credit card interest rates. We certainly would have opted out of overdraft protection and related

fees had that been an option, and we certainly did not expressly request or approve overdraft protection. My daughter would have preferred to decline the completion of a purchase had she known that the account was overdrawn than to complete a $5 purchase that would cost her an additional $35 in fees. Consumers ought to be able to opt in or opt out of overdraft coverage, either on a purchase-by-purchase basis, where they can decide if they want to incur the overdraft fee in order to complete the transaction, or as a general feature on their account. When I asked the bank about this, I was told that there was no ATM-only card, and that even if you opt out of overdraft that you can still overdraw your ATM/debit card. When I came home from the bank and googled "ATM and overdraft fees" up came article after article about the same experience, as well as an article indicating that the Fed was engaged in a review of this banking practice. I was pleased to read about that and am providing this comment even though the formal comment period is now closed. My hunch is that this practice impacts the very people who can least afford the fees: the young, like my daughter, and those with low incomes. Please make this banking practice more transparent for consumers and force banks to provide opt in or opt out options. Sincerely, Jean Allan