

From: DeVry University, Richard Volkers  
Subject: Electronic Fund Transfers

---

Comments:

The banks have been preying on inexperienced customers by pushing debit cards as safe alternatives to credit cards. As an unsuspecting parent, I bought into this when searching for financial tools for my college bound child. It seemed to be fine for a while, until the overdraft fees suddenly skyrocketed because of the overdraft feature!

In the course of a few days, a financially inexperienced college student can charge 5 - 10 small charges, each time encountering an outrageous overdraft fee!!! Multiple times I have had to deal with overdraft charges over \$400 from my college daughter using the card. The bank never informed us about the overdraft feature and charges when we were applying for the card (must read every word of the small print in the agreement to find out). There was no option to get out of the overdraft feature.

As a parent of college age children, the financial tool that makes the most sense is a debit card that STOPS WORKING when there is no money in the account!!! A college student needs to learn fiscal discipline and that means when the account is empty, you cannot spend any more money! Having a debit card with NO OVERDRAFT feature would encourage financially inexperienced card users to keep track of their money a little better WITHOUT PENALIZING them for their inexperience!

My recommendation is that debit cards should be offered with NO OVERDRAFT feature. If a bank wants to offer an overdraft feature on the card, that should be done separately from applying for the card. A bank customer wishing for an overdraft feature should be presented the option along with all the overdraft fee information, and a separate signature should be required from customers desiring to add this option to their card.

Richard Volkers  
DeVry University