

From: Connexus Credit Union, Jen Bresina
Subject: Reg E - Electronic Fund Transfer

Comments:

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Proposal: Regulation E - Electronic Fund Transfer
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Name: Jen Bresina
Affiliation: Connexus Credit Union
Category of Affiliation:
Address:

City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

Please modify the revision of 205.17(b)(4) to exclude institutions that do not have a formal overdraft program and have a policy and practice of declining to authorize and pay any ATM or one-time debit card transactions when the institution has a reasonable belief at the time of the authorization request that the consumer does not have sufficient funds available to cover the transaction from the prohibition on assessing overdraft fees under 205.17(b)(1). The Reg makes sense as originally written to exclude such institutions as they don't have a program to opt in to. Institutions with a policy and practice to reject any ATM or POS transactions if the funds are not available at the time of the transaction do not want to encourage or intentionally allow members to overdraft their accounts. I agree that changing the Reg to disallow such institutions from charging a fee for overdrafts that occur despite their best efforts to keep their members from drawing their account negative, certainly encourages these institutions to create an overdraft program to have their members to opt into rather than forego the fee income. This Reg change was put in place in attempts to help consumers from going deeper into debt but it seems to me that it will ironically encourage it. I think the time and energy put into this effort to protect the consumers from excess banking fees might have been better spent educating the consumers about responsible spending and keeping track of what they have spent and what they have left available to spend to avoid incurring the fees in the first place. Please let those of us who would like to continue to encourage responsible spending do so and use the fee as a deterrent from overspending.