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Subject: Reg E - Electronic Fund Transfer

Comments:

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Reg E Clarification Comments to the Federal Reserve Board Points of contention:

1. ABNB Federal Credit Union does not support the proposed clarification that the fee prohibition of Section 205.17(b)(1) should apply to all institutions, even those without a formal overdraft policy. Fees imposed for covered transactions help mitigate expenses associated with such transactions. 2. Under the current debit card system, card issuers are forced to pay authorized debit card transactions that they normally would not pay if they did not have a formal overdraft service. Most credit unions to include ABNB have never included an overdraft protection limit on their ATM and/or debit card transactions. ATM and debit card transactions are authorized only on the balance in the member account at the time of the authorization request. According to Debit Card rules, once authorized, financial institutions must pay the authorized transaction regardless of whether or not the money is in the member's account. We encourage the Board to reconsider allowing an exception to the opt-in requirement and fee prohibition for those transactions an institution has no choice but to pay. 3. The current model Opt-In Notice does not contemplate the situation described in point #2. The Board should develop model language to give a "safe harbor" to those institutions that normally do not pay covered transactions that overdraw a consumer's account. 4. The Board has stated that financial institutions are in the best position to know how much money is in a consumer's account and what transactions are outstanding. This is NOT TRUE. The consumer, in fact, is the only party with complete information regarding all outstanding debits to an account. The consumer should be responsible for recording and tracking outstanding checks and debits and knowing when there would be no money in the account to pay a covered transaction. Removing a financial institution's ability to possibly deter such action

through charging a fee leads to abuse by the consumer. 5. Personal financial responsibility must be assumed by consumers. Removing a small deterrent - a fee for paying a transaction the consumer has no money to pay - may create a larger problem for that consumer, as credit unions may be forced to close some accounts in order to mitigate risk and protect the assets of all members. Often, these consumers will be forced to seek financial services from the unscrupulous entities that we believe the Board is really targeting with these rules. Please take these comments into consideration. Most credit unions have never abused the feeling of consumers.