

From: Idadiv Credit Union, Denay Moles
Subject: Reg E - Electronic Fund Transfer

Comments:

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Proposal: Regulation E - Electronic Fund Transfer
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Name: Denay Moles
Affiliation: Idadiv Credit Union
Category of Affiliation: Commercial
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

To: Board of Governors of the Federal Reserve System Subject: Docket No. R-1343 Comment of Proposed Rule Change Date: March 25, 2010 Dear Sirs: The regulation R-1343 provides for the Opt-In Exception and allows financial institutions with policies and procedures to not overdraw their account at ATM's and POS's to charge the fee if they have a reasonable belief at the time of the transaction that account will not be overdrawn. Part of the issue is that if you don't offer a program to overdraw an account what do you Opt-In or Out of? Idadiv Credit Union's practice is to deny a transaction if funds are not available. What we see happen is the funds are available when the transaction is approved, but the merchant does not process the transaction in real time and batches the transaction that will clear in anywhere from 1-10 days. If a transaction is authorized our system will hold the authorization amount for 3 days. If the account has since had other withdrawals when this transaction finally posts or it posts for a greater amount, the funds are no longer available. It would be at this point we must post the transaction, take the account negative (which creates a liability to the credit union) since it was authorized cannot be returned and a fee would be charged. Any way you look at it the consumer has spent more money than they have deposited and financial institutions need the ability the charge a fee to offset the liability that is created when this happens. Consumers have a responsibility to be financially accountable. With online systems consumers have the ability to monitor their accounts and know their balances. People who overdraw their accounts know that they are taking advantage of the system and expect to be charged a fee. They prefer to pay the fee for the convenience. If you make this change to the regulation you are encouraging consumers forego their financial responsibility. There needs to be a consequence when a consumer overdraws their account. Sincerely, Denay Moles, Idadiv Credit Union