
From: Carole Jackson [mailto:jacksonca2@gmail.com]

Sent: Sunday, August 15, 2010 1:31 PM

To: Overdraft Comments

Subject: Comment on proposed rulemaking on overdraft fee processing by banks

Dear FDIC --

Thank you for the opportunity to comment on proposed rulemaking concerning overdrafts and the method(s) by which banks process them.

As a former banker, I know that banks have the capacity to know exactly in which order checks and debit items "hit" the consumer's account; for example, if I write a check early in the day and the vendor deposits it immediately, electronically, it posts to my account earlier than a debit/check transaction made later in the day.

I would not support a regulation to have banks process paper checks by check number, because consumers could game the system by choosing not to write checks in numerical order. [For the relatively few paper checks that are written nowadays...] However, banks should not be able to game the system, either: the exact time of debit transactions is absolutely known, and even for transactions that are all posted to accounts at the end of the business day, it is unconscionable and unfair for banks to decide a process that bounces the greatest number of transactions and garner the largest number of fees. It essentially costs nothing for a bank to refuse to pay a check. Overdraft fees should apply to the provision of an actual service to the consumer; i.e., paying for a check when the customer does not have sufficient, or cleared, funds in the account. The overdraft fee, then, should compensate the bank for the credit risk that the customer will not be able to make the bank whole. Therefore, there shouldn't been a daily limit or a limit on the number of transactions subject to the fee.

Sincerely,
Carole Jackson
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