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To: Overdraft Comments
Subject: Weak Proposals

Although I was heartened to read an article in today's LA Times about the strengthening of protections regarding overdrafts, the language in the article indicated that the proposals appear to be unacceptably weak, with unlikely improvements for bank customers.

Michael D. Calhoun was quoted as saying, "The guidelines would encourage the banks the FDIC oversees to offer customers lower-cost overdraft alternatives."

Encourage? Is this the best we can do? How about "require?"

The article also says, "The FDIC also wants banks to review their check-clearing procedures to ensure that the order they've selected is not designed to maximize overdraft fees."

Review? How about requiring them to change their policies so that debits are processed in the order they are received?

The other bulleted items in the article also show an extremely weak-kneed approach to regulation. Note the verbs used: review, train, monitor, suggest.

We can't expect banks to make changes against their own or their shareholders' best interests. That's one of the reasons we need a governmental organization like the FDIC.

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