

From: Bartholomot, Henri [HBartholomot@eei.org]
To: Overdraft Comments
Sent: Tue 8/31/2010 9:44 AM
Subject: Comments on proposed overdraft fee guidelines

August 31, 2010

Dear FDIC staff:

I am writing in response to the FDIC's proposed overdraft fee guidelines, which Michelle Singletary summarized in the Washington Post a couple weeks ago, with comments due September 27, 2010.

I fully support the FDIC adopting the array of guidelines that Ms. Singletary said the FDIC is considering, and I encourage the FDIC to adopt several other provisions that I will mention in these comments. I encourage the FDIC to consider adopting all these proposals as regulations rather than just guidelines, to ensure that banks will be required to adopt the new measures and the measures will be enforceable.

First, as I understand it, the FDIC and/or Congress already have required banks to have customers specifically elect overdraft protection – with forewarning about fees – before banks can provide such protection and impose the fees. If that is incorrect, the FDIC should adopt such a requirement.

Second, as I understand it, the FDIC and/or Congress already have imposed limits on overdraft fees, limiting the fees to the overdraft amounts. If that is incorrect, the FDIC should adopt such a limit. Thus, a person who gets overdraft protection in the amount of \$5 would pay a fee no greater than \$5, and if the overdraft amount is \$15 the fee would be limited to \$15.

Third, I agree with the new FDIC proposals aimed at further limiting the amount of overdraft fees a bank can assess. These proposals include limiting the number or dollar amount of fees a bank can assess a given customer. I encourage the FDIC to impose both limits – allowing only one fee ideally *per statement period* regardless of the number of overdrafts, and limiting the fee to the total amount of the overdrafts or \$25, whichever is less. The fee should be a one-time fee for the overdrafts it covers. The fee also should be limited to one per statement period to give customers the opportunity to rectify their accounts before incurring more fees.

Fourth, I agree with the new FDIC proposal for banks to process transactions either in the order received, or better yet from smallest to largest – rather than as some banks now do from largest to smallest – to minimize the amount of overdraft fees against an account. Again, such an approach should apply to overdrafts during the statement period for the account, so as to truly minimize the fees.

Fifth, I also agree with the new FDIC proposals to require banks to discuss options for avoiding overdrafts with customers who incur the fees, and to provide the customers with information on resources for learning how better to manage their financial affairs. Younger customers who are

inexperienced with managing their own financial affairs, older customers who may be challenged by the array of new banking options they face, and others who are trapped in a cycle of overdraft fees because of poor financial management would all benefit by such measures. I encourage the FDIC to apply such provisions the first time a customer incurs an overdraft fee, rather than waiting for the customer to incur multiple fees, though the provisions could apply just once to each customer per year.

Sixth, in addition, banks should be required to give customers prompt notice – immediately in person for ATM and teller withdrawals, and within 24 hours by phone or e-mail for non-ATM or teller withdrawals – when a customer has incurred an overdraft fee, so the customer can promptly rectify the situation without continuing to write checks against, or transfer or withdraw funds from, an overdrawn account. This would help customers avoid unknowingly compiling additional overdraft fees, as I did a couple summers ago when I accidentally tapped my checking account rather than my money market account several times at overseas ATMs.

I appreciate the opportunity to provide these comments. Please let me know if you have any questions about them or need further information. Thank you.

Sincerely,
Henri D. Bartholomot
Falls Church, Virginia