

From: Steve Topper [sptopper@comcast.net]  
Sent: Thursday, September 16, 2010 11:08 AM  
To: Overdraft Comments  
Subject: Proposed FDIC Overdraft Guidelines  
RE: Comments Concerning Proposed FDIC Overdraft Guidelines

With over 35+ years of experience in retail bank marketing at major banks, it is my opinion that the “Courtesy Pay” programs offered by third party vendors should be eliminated as they are very costly to checking customers. There is really no need for these costly programs as banks and credit unions have three other ODP options which work fine:

Linked savings account  
Linked credit card account  
Unsecured line of credit dedicated to ODP

The only goal of the costly “Courtesy Pay” programs is to enable the offering financial institutions to generate significant fee income from overdrafts. What really bothers me are all the financial institutions that offer “Courtesy Pay” as the “default” option while burying the less costly options in tough to find copy on their websites. In effect, these institutions are pushing the more costly option on their customers which just seems wrong to me.

I’m sure you’ll be getting tons of comments from the “Courtesy Pay” vendors and the financial institutions hooked on excessive overdraft fees but please keep in mind there really is no need for a “Courtesy Pay” product.

If every checking customer was presented with four options for OPD, the three above plus “Courtesy Pay,” I’m sure the vast majority would choose something other than the most costly option which is “Courtesy Pay.” What’s unfortunate today is that many financial institutions FAIL to give equal billing to all the options at the point of sale.

The FDIC will be doing the consumer a great service if it elects to either eliminate “Courtesy Pay” programs or force banks to be more forthcoming on the various ODP options and the costs of each.

Thanks for the opportunity to provide my opinion on this issue.

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