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*Op-Ed*

## **N.Y. banks want to rip you off**

By MARK WINSTON GRIFFITH

Hold on to your ATM cards. The banking industry is getting ready to stick it to you, this time with the full blessing of our state banking regulator.

Banks chartered in New York want permission to offer courtesy overdraft protection, whether customers want it or not. The industry says this will be great for customers, but in fact depositors will be whacked with huge fees.

This year banks will reportedly earn \$30 billion in fees for ATM services, bounced check and overdraft charges.

Nationally chartered banks are already allowed to give customers in New York these so-called privileges. The Empire Justice Center tells the story of a disabled veteran who wrote a check for \$12.50, when he had only \$3.78 in his account. The bank assessed a \$39 fee and then \$33 every three days thereafter. Over a 10-day period, for what essentially was an \$8.72 loan, the customer was charged \$132.

A co-worker recalls a similar problem when he made seven debit-card purchases and an ATM withdrawal in two days. He was unaware he had overdraft protection and assumed he had enough in his account to cover them. He assumed wrong. As a result, \$213 in debits from his account cost him an additional \$248 in fees. If state-chartered banks get the nod, these episodes of Banks Gone Wild will become even more common.

Certainly, overdraft protection does not protect the customer. In reality, this is the banking industry's answer to payday loans, the exploitatively priced short-term forms of credit offered at check-cashing locations. Tellingly, payday loans are outlawed in New York.

Banks disingenuously claim that their fees deter customers from overdrawing their accounts and that the charges cover transactional costs. But the best way to keep customers from overdrawing their accounts is to simply not honor overdrafts. And costs per bounced check are nominal; approximately 50¢ to \$1.50, according to the Consumer Federation of America and

the National Consumer Law Center.

The State Banking Board is expected to approve the proposal to permit overdraft protection after the Banking Department's public comment period ends Monday. At the very least, though, the Banking Board should permit overdraft protection only when customers knowingly opt for it.

Obviously, banks should be allowed to charge reasonable fees for their services. Unfortunately, overdraft protection plans provide banks with huge and easy profits through practices that take unfair advantage of people struggling to make ends meet. Overdraft protection is a lousy service at an unreasonable price.

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