



FEDERAL RESERVE BANK OF DALLAS

2200 N. PEARL ST.
DALLAS, TX 75201-2272

October 20, 2004

Notice 04-72

TO: The Chief Executive Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

Regulatory Agencies Provide Consumer Information on Avoiding Overdraft and Bounced-Check Fees

DETAILS

The federal bank, thrift, and credit union regulatory agencies have announced the publication of a new consumer resource, *Protecting Yourself from Overdraft and Bounced-Check Fees*. The brochure's key message to consumers is that the best way to avoid overdraft and bounced-check fees is to manage accounts wisely. That means keeping an up-to-date check register, recording all electronic transactions and automatic bill payments, and monitoring account balances carefully.

Many banks, savings and loans, and credit unions offer "courtesy overdraft protection" or "bounce coverage" plans so checks do not bounce and ATM, debit card, and other electronic or automatic transactions go through. But most financial institutions charge a flat fee (often \$20 to \$30) for each item they cover. Even if a financial institution has a bounce-coverage plan, there is no guarantee an overdraft will be covered.

The federal financial regulatory agencies want consumers to know that careful account management is the lowest-cost way to avoid overdraft and returned-check fees and protect your hard-earned money. If overdraft protection is needed every now and then, consumers should talk with their financial institution or a financial adviser about what choices and services are right for them. Financial institutions may provide other ways of covering

overdrafts that may be less expensive. For example, consumers may be able to link a savings or other account to automatically transfer funds into their checking account. Consumers also may be able to establish an overdraft line of credit or link a checking account to a credit card.

MORE INFORMATION

The interagency information is available on the Board's web site at www.federalreserve.gov/pubs/bounce/default.htm. A PDF (Portable Document Format) version is provided on the web site so that consumer groups, financial institutions, agencies and other organizations can download and print copies for distribution to their clients and customers. It includes a space on the back panel for organizations to provide their own contact information.

Single copies of the brochure are also available free of charge from Publications, Mail Stop 127, Federal Reserve Board, 20th and C Streets, N.W., Washington, D.C. 20551; 202-452-3245.

Paper copies of this notice or previous Federal Reserve Bank notices can be printed from our web site at www.dallasfed.org/banking/notices/index.html.