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Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

By email: regs.comments@occ.treas.gov
By fax: (202) 874-2574

Re: OCC Guidance on Deposit-Related Consumer Credit Products
Docket ID OCC-2011-0012

Dear Acting Comptroller Walsh:

We write to comment on the OCC's proposed guidance on overdraft programs and "deposit advance products," high-cost payday loans offered by banks. **Banks should not be engaged in abusive overdraft fee programs or triple-digit payday lending.**

For all but their most prime customers, banks charge exorbitant \$35 overdraft fees, often on small debit card overdrafts that could easily be denied. Banks charge up to hundreds of dollars a day in overdraft fees and engage in a variety of manipulations to encourage consumers to incur those fees. Consumers incur over \$20 billion a year in overdraft fees.

A growing number of banks are offering 300% to 2,000% APR payday loans, often called "advances." The typical cost is \$10 per \$100 loaned, repaid a few days later with the next direct deposit of wages or public benefits. These loans lead to the same cycle of debt as traditional payday loans.

The OCC's guidance may only legitimize these irresponsible lending practices by banks. Instead, the OCC should:

- **Ban banks from manipulating consumers into incurring overdraft fees**, through payment reordering, deceptive marketing and opt-in solicitations and other methods.
- **Prohibit bank payday loans, which trap customers in high-cost, unaffordable debt.** Research has shown that fee-based, balloon payment loans only exacerbate the problems of struggling families.
- **Prohibit steering** and require banks to offer all customers the lowest cost credit for which they qualify.
- **Encourage responsible, affordable overdraft and credit products**, consistent with the FDIC's Small Loan Guidelines.

Yours very truly,