

STATEMENT OF SENATOR JIM BUNNING

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We now live in a time where no one is responsible for his or her own actions. We have witnessed billion dollar bailouts of irresponsible banks, and automakers who operated on flawed business models. We have also witnessed people who used their homes as a line of credit and took on too much debt receive a bailout from those who acted responsibly. The federal government continuously rewards irresponsibility at the expense of responsibility. So why should Americans be responsible for overdrawing funds from their checking accounts? While I understand the significant impact unreasonable fees can have on consumers, I also recognize that it is the responsibility of individuals to have a better knowledge of their own financial situation.

Again, the Federal Reserve has dragged its feet in implementing consumer protections. We saw this with mortgage regulation and now with overdraft fees. While the Fed is late in doing so, I believe their recent rules outline some key issues in this debate.

It used to be considered “illegal” to overdraw from your checking account. In today’s technological age, consumers have many different methods of confirming their checking account balance and there is no excuse for not knowing how much money is in their individual accounts. If a person wants overdraft protection on his or her checking account and agrees to pay a fee in the case of an overdraft, that person should have the option to do so if his or her bank wants to offer that service. On the other hand, if a person realizes that he or she could possibly act irresponsibly and would rather pass on overdraft protection in exchange of having his or her debit card rejected at the time of purchase, then that person should have the ability to make that decision. Capitalism thrives on choice and it only makes sense to give consumers a choice on what kind of financial product caters to their financial needs. But with that choice comes responsibility and consumers must be expected to face the consequences of their actions. I look forward to debating this important issue.