

## Bank of America Online Banking, A Critical Evaluation: Endnotes

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<sup>1</sup> One devastating analysis of the banking industry and the amount of income it gathers from various fees and overdraft penalties published in September, 2009 in the *New York Times* is included as an appendix to this document.

<sup>2</sup> Attached as an appendix to this document is the complete transcription of an hour-and-a-half long chat session during which it was clearly demonstrated how useless the customer service department is.

<sup>3</sup> Excerpts from this book, along with the pages concerning the shuttle disaster, can be found on Tufte's website here: [http://www.edwardtufte.com/bboard/q-and-a-fetch-msg?msg\\_id=0001yB&topic\\_id=1](http://www.edwardtufte.com/bboard/q-and-a-fetch-msg?msg_id=0001yB&topic_id=1)

<sup>4</sup> I'm actually using the page concerning overlimit fees for credit cards for the moment. This page has a laughable section called "Why You're Charged," which one supposes, would outline where the cost lies for the company, how the company or you are threatened in terms of lost funds, etc. Instead, it outlines how you will—or "may," in the slippery language of credit card companies—be punished. Here is the entire text: "If at any time your balance exceeds your credit limit, even if we authorized the charge, you may get an overlimit fee. Additionally, this may end any promotional rates immediately, and may cause your interest rate to automatically increase to a default rate .

The fee is assessed once in a billing cycle at the first instance you go overlimit. If you check your balance—say, online—and see that you're overlimit and you make a payment to bring you back under, you're still charged the fee.

Once the billing cycle closes, if you make a payment within 20 days from the statement's closing date when it was assessed, you won't be charged another fee. However, if you continue to be overlimit past 20 days, you will be charged again. Finally, exceeding your limit is one of the factors that could have a negative effect on your credit rating and thus affect your ability to be approved for other loans, such as a mortgage, car financing or line of credit.

<sup>5</sup> <http://factsaboutfees.bankofamerica.com/manage-credit-card-fees/overlimit-fees/index.jsp>

<sup>6</sup> You can visit Janet in the appendix to this document.

<sup>7</sup>From "Why Bank Overdraft Protection Might Be a Bad Deal for You":

"Unlike revolving lines of credit which you can repay at your convenience, an overdraft has to be settled in just a few days. Let's say the bank allows you to run the overdraft for 14 days. A loan of \$200 for 14 days incurring charges of \$80 translates into an Annual Percentage Rate (APR) of 1043%! A "convenience" for customers? Not at these rates."

<http://www.moneymatters101.com/banking/overdraft.asp>

<sup>8</sup> The Clarity Statement is reproduced in the appendix.

<sup>9</sup> Ironically, this piece of software was actually able to garner negative reviews, unlike the Bank of American Online Banking site (see later section on banking center reviews):

[http://www.netbanker.com/2008/07/bank\\_of\\_america\\_iphone\\_mobile\\_banking\\_app\\_trashed\\_in\\_early\\_user\\_reviews.html](http://www.netbanker.com/2008/07/bank_of_america_iphone_mobile_banking_app_trashed_in_early_user_reviews.html)

<sup>10</sup> <http://www.allbusiness.com/legal/trial-procedure-appeals/13495099-1.html>

<sup>11</sup> Here are a few examples and their respective flaws:

Make a payment video—no mention of how check transactions work:

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<http://infocenter.bankofamerica.com/ic2/online-banking/bill-pay/?panel=demo&mode=demo&linkid=473&peerless=true>

Review payments video—no mention of pending check payments:

<http://infocenter.bankofamerica.com/ic2/online-banking/bill-pay/?panel=demo&mode=demo&linkid=478&peerless=true>

<sup>12</sup> I tried to get information about where the information was on the site through chat. Here is a transcription of one conversation:

**You:** Actually, the page you sent me just details what a hold and such things are but not how they are represented

on the website. Is there better information about the website itself?

**D:** Please click on VIEW DEMO just above the area where you enter your online ID.

**D:** It gives information about the online banking or website.

**You:** Yes, I've looked at those. It's not very deep information (i.e. concerning where to find information on checks,

using the Accounts History page, etc.). Mostly seems like a superficial introduction or sales pitch.

**You:** I really need to know how to use this site since I get messed up in entirely different ways every 6 months or so.

**D:** I can understand that.

**D:** I can help you with the all information you need to find online. To view checks, please follow the steps

below. [He cuts and pastes something from a webpage about this.]

**You:** Hmm, yeah but I'm interested in where this tutorial information appears on the site. I'm a website designer

myself (freelance) and have worked in IT departments, and usually when there is a complex site like this there are

detailed tutorials—with warnings about how you can make mistakes! The information you just sent me above does not really address what I'm asking. Is there a place on the site that has detailed tutorials about Account Balance history, how to follow checks, etc?

**D:** I appreciate it. Sorry, we don't have it as of now.

<sup>13</sup> As noted elsewhere in this document, the information on the Accounts Details page—which is similar, and certainly related to, the information on this page, is viewable for 6 months. I don't have any idea why there is a disparity in the length of time you can view this information.

<sup>14</sup> A sample image appears in the appendix.

<sup>15</sup> Basically, "cascading" charges occur when a large, forgotten about check or hold leads to a series of \$35 penalties for very small items. Following is a story that best illustrates how reasonable people get caught up in paying exorbitant amounts due to cascading charges. This is just one of hundreds of stories available on the web.

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Things have been tight for the Arizona-based nursing assistant since she got laid off two years ago and suffered some medical problems that have kept her from working full-time. [...]

Earlier this month, she was feeling temporarily flush because she has prepaid most of her bills and figured the rest of her December income from child support and a part-time job could be spent on Christmas gifts.

So she splurged on a \$65 meal with her mom and brother, knowing that it was possible that this one meal could overdraft her checking account.

Debit card transactions like this one require a signature and usually take a couple of days to clear, so Lee monitored every purchase after that, copying her daily bank account activity into a computer file each night to make sure she wasn't stepping over the line.

On Dec. 7, the night before her son's child support payment was due, she breathed a sigh of relief. At 10:45 that night, the dinner charge still hadn't posted and wasn't even listed as pending.

After subtracting every pending payment, she had precisely 16 cents in her checking account. She went to bed imagining that she'd dodged an overdraft because she would get a \$156 payment in the morning.

She got a rude awakening.

Before crediting her account for the child support payment, Chase bank not only put through the dinner charge, it also "reordered" every one of her pending transactions, turning one potential overdraft into four.

The mounting overdraft charges of \$35 each then triggered two additional overdraft charges for small debit transactions that Lee did that day, before she'd realized that her account had gone into the red.

<http://www.freerepublic.com/focus/news/2411878/posts>

Of course, I'm sure this person felt terribly "guilty" about this single dinner with relatives and therefore didn't protest too loudly, but in fact, she did everything correctly within her means, including relying on the online banking site to stay aware of her funds. This is also a graphic example of how poor people can have their entire meager incomes sucked up by overdraft fees, even when attentive. This woman, had she any idea how close she was to the edge—through thorough information on the site, for example, concerning transactions as they will happen in the future, of which the system is well aware—could have easily borrowed cash to help cover the costs.

<sup>16</sup> There was once a book called "Online Banking for Dummies" available, but it was last published in 1999. For the most part, glancing at the table of contents, it did not actually describe the potential hazards of online banking, but rather focused on how to exploit it in terms of stocks and other investments. See appendix for "For Dummies" books that are related to software—including the internet itself—that is much easier to understand and use than Bank of America Online Banking.

<sup>17</sup> Other searches that turned up 0 results include: "Online Banking Tutorial," "Online Banking Manual," "Online Banking Cautions" and "Overdraft Scenarios."

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<sup>18</sup> Case in point: I had wanted to review my problem with holds and the cascading fees that this incurred from several months ago as research for this document, but the information is gone.

<sup>19</sup> Details of my woes are outlined in the chat session in the appendices.

<sup>20</sup> I requested several times over the phone to get a record of how many times I logged in to this site in the week leading up to my 4 overdrafts, but they were not able to provide it. I finally got the number of a computer department through chat, but haven't called them yet. I suspect I will not be able to acquire this information, though I think it would be useful in this report to demonstrate how much I have been trying to use the technologies they advertise and yet failed, once again, to keep track of my meager funds.

<sup>21</sup> Here are the list of alerts. Alert 1 and 2 are not useful for someone who actively checks the site (and "Available Balance" is a flawed number anyway). Alerts 3 -6 and 8-11 are primarily to alert to card theft (or a renegade spouse or child). Alert 7 is directed toward funds added to the account. Number 12 is for an individual check, and I'm not sure what use this could have. That leaves 9, the low balance threshold, which only refers to the available balance—not that figure in relation to checks not presented, to holds or authorizations for items paid for with a signature.

1. Account has insufficient funds
2. Available balance
3. Check Card charge made online, by phone, or mail
4. Check Card transaction outside the U.S.
5. Check Card/ATM deduction over \$\_\_\_\_\_ (minimum \$100)"
6. Check deducted over \$\_\_\_\_\_ (minimum \$100)
7. Direct deposit posted
8. Electronic draft deducted over \$\_\_\_\_\_ (minimum \$100)
9. Low balance threshold: Balance below \$\_\_\_\_\_
10. Money transfer deducted over \$\_\_\_\_\_ (minimum \$100)
11. Online bill payment deducted over \$\_\_\_\_\_ (minimum \$100)
12. Check #\_\_\_\_\_ has posted

<sup>22</sup> I see now that some features in My Portfolio—such as tools to help observe spending trends—are indeed very useful, though only an aesthetic way—pie charts about spending tendencies, for example. These features are put up front on the Wells Fargo site, despite its other flaws.

<sup>23</sup> My recurring analogy, here, is with a parking ticket. In contesting a parking ticket—say, because an important sign was concealed due to foliage, or the sign itself had contradictory information—one could easily return to the scene of the ticket and take photographs. No such avenue is open to the BoA banking client. And yet, the penalties levied by the bank are on a par with governmental penalties—they can continue to haunt you, much like a prison term or DWI, by their presence on that supra-governmental vehicle of control: the credit rating.

<sup>24</sup> This number appears to be larger than the number in other recent articles that I cite in this report. I'm not sure which to choose, but since this one came up when writing this blog post, and it's the one I've used to do the math, I'm sticking to it. The other figure still suggests over 3 overcharge fees per American citizen per year.

<sup>25</sup> Well, I did just get slammed with 6 overdraft fees.

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<sup>26</sup> The orchestration of the banks is clearly outlined in the dates of the announcements of their policy changes, and the magic number that was apparently agreed upon—\$35—for the overdraft fee. Part of this synchrony obviously has to do with government pressure on the credit card industry in the face of the recession, but that doesn't contradict the basic point that banks refuse to compete against each other in terms of their overdraft policies, and they see the overdraft fee as an essential part of their corporate economics. The title of the story about Wells Fargo seems right out of the press release and is essentially a lie perpetuated by the journalist—the word “some” would have gone a long way, there. I haven't been able to locate any stories regarding a similar story from Citibank.:

### **Wells Fargo to eliminate overdraft charges**

Sep 24th 2009

<http://www.bloggingstocks.com/2009/09/24/wells-fargo-to-eliminate-overdraft-charges>

“Wells Fargo's current overdraft fees start at \$25 for the first overdraft in a 12-month period, then the charges are upped to \$35. The good news is that customers won't be paying out the nose for overdrafts; the bad news is that Wells Fargo and other banks will need to find another way to raise the money they will lose from the elimination of the fees. For the record, Wells Fargo and other banks estimate that the current system brings in \$29 billion per year.”

### **Bank of America backpedals on overdraft fees**

Sept . 22, 2009

[http://www.msnbc.msn.com/id/32976072/ns/business-us\\_business](http://www.msnbc.msn.com/id/32976072/ns/business-us_business)

“Starting Oct. 19, Bank of America no longer will charge overdraft fees when a customer's account is overdrawn by less than \$10 in one day. A \$35 fee will still be levied if the account isn't brought into balance within five days.

JPMorgan Chase & Co. also will be overhauling its overdraft fees, a spokeswoman said late Tuesday. Starting in the first quarter of 2010, the bank will make overdraft protection opt-in for all customers, post transactions to accounts as they occur, and eliminate fees when accounts are overdrawn by \$5 or less. It will also reduce the maximum number of fees per day to three from six.”

<sup>27</sup> For those of us in California who are following the University of California Budget crisis, here are some figures:

While the total UCLA budget was \$4.7 billion, I calculate that only about \$160 million, or just under 3.5%, was spent on undergraduate education. Furthermore, state funds and student fees brought over \$1 billion to the campus, but only a small fraction of this amount was spent on instruction-related activities. [...] Looking at the UCLA College of Letters and Sciences, the total budget was \$234 million in 2008-2009.

<http://changinguniversities.blogspot.com/2009/12/only-35-of-ucla-budget-is-spent-on.html>

<sup>28</sup> “Keep The Change: Is America That Stupid?”:

<http://blog.louisgray.com/2006/02/keep-change-is-america-that-stupid.html>

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<sup>29</sup> This happened to me in my most recent phone conversations, with the request that I not attempt to resolve my problem until the following Monday. Of course, by then, my own screen would have been very different—hence my reliance on screen captures to state the present argument.

<sup>30</sup> Such as the one I use, from Minimed, whose documentation clearly outlines possible problems in terms of malfunction, incomplete knowledge of its features, etc. In fact, I had a two hour training session with a Minimed representative before I was even allowed to wear it.

<sup>31</sup> I only discovered (after having made this mistake) that the amount of a check you decide to send to a payee cannot be changed a few days after you submit it, even if the pay date is many weeks away. I was forced to overpay someone because of this. I'm not sure if it is still this way, but about four years ago, this was the case, and I ended up, again, with a ton of transaction fees. This information should be made clear on the site—the tutorials and such things make it appear that you can change a payment amount any time. As for why this feature, or flaw, is in place I don't know—it was explained to me back then, but I don't remember exactly what was said.

<sup>32</sup> Additional pages can be viewed at Tuft's site: <http://www.edwardtufte.com>

<sup>33</sup> <http://consumerist.com/2008/10/reach-bank-of-america-executive-customer-relations.html>

<sup>34</sup> <http://www.mymoneyblog.com/archives/2009/02/bank-of-america-overdraft-fee-class-action-settlement.html>

<sup>35</sup> I felt like I got a glance of the playbook, here. She wasted no time exceeding her limitations in her efforts to help me.

<sup>36</sup> <https://www0.bankofamerica.com/onlinebanking/index.cfm>. This page leads to Janet.

<sup>37</sup> Her responses after this came at a rapid rate. This is clearly some canned, automatically-typed reply that she could access.

<sup>38</sup> Technically, the answer from the Bank of America site—where it is long-windedly and euphemistically referred to as an “Extended Overdrawn Balance Charge” (not “fee” or “penalty”)—states that you have to do more than make a deposit, but rather bring the account above zero. In my case, that would have meant finding \$300 in cash (outside of my own living expenses) within a week—sounds like the terms of a loan shark! The site states,:

If your account has a negative balance for 5 consecutive business days, you will receive an additional one-time Extended Overdrawn Balance Charge of \$35 on the sixth day.

This fee is in addition to any applicable fees for overdraft items, insufficient funds and returned items.

<sup>39</sup> This link takes you directly to the horrible Flash lady with the pseudo-user questions, featured in a previously appendix in this document:

[http://factsaboutfees.bankofamerica.com/?cm\\_mmc=General- -vanity- -ZZ01VN003S\\_factsaboutfees- -NA](http://factsaboutfees.bankofamerica.com/?cm_mmc=General- -vanity- -ZZ01VN003S_factsaboutfees- -NA)

<sup>40</sup> What follows is another run of automated text, and appeared quickly. Like before, it is practically impossible to understand.

<sup>41</sup> Yes, you can, in the “Available Balance History”—which, as I've stated earlier, is not a history. It is the only place where you can few holds.

<sup>42</sup> This is the exact same text E. started with earlier.