

Banking Bill Clears Conference Committee

House and Senate conferees on banking legislation have agreed on a wide range of banking issues, including strong check hold provisions modeled largely on a bill passed overwhelmingly by the House in May (see CFAnews, June 1987).

The check hold agreement came on June 25, the third day of a two-week conference committee that ironed out differences between the two houses on a large variety of banking issues. The bill also includes an \$8.5 billion recapitalization of the Federal Savings and Loan Insurance Corporation (FSLIC); a moratorium until March 1, 1988 on approval by federal regulatory agencies of new securities, real estate, and insurance powers for banks; and closing of the "non-bank bank loophole," used by some commercial firms to escape restrictions on bank ownership.

Rep. Fernand J. St Germain (D-RI), the conference chair and sponsor of the House check hold bill (H.R. 28), stressed the House conferees' support for their provisions, calling the House proposal "near and dear to the hearts of the House of Representatives."

Bipartisan Support

After both Democratic and Republican members of the House delegation insisted on retaining the tougher House language, St Germain and Sen. Christopher Dodd (D-CT), the main Senate sponsor, agreed to provisions maintaining the tight time limits of the House bill while allowing some of the flexibility sought by the Senate conferees.

The full conference report must still be approved by both houses of Congress before it goes to the President for his signature.

NEWS UPDATE

Despite earlier threats of a veto, President Reagan has signed a banking bill containing strong national restrictions on bank check hold practices. The law will take effect September 1, 1988, and will be completely phased in no later than September 1, 1990.

On July 29, Administration and Congressional leaders announced a compromise boosting the recapitalization of the Federal Savings and Loan Insurance Corporation to \$10.8 billion. That compromise paved the way for final action on the entire bill.

Armed with a letter from Treasury Secretary James Baker announcing the President's intention to sign the revised bill, Conference Committee Chairman Rep. Fernand St Germain reopened the conference in an unusual session four weeks after the conferees had voted approval of a report.

After the conferees endorsed the compromise, the House voted 382-12 to approve the final bill on August 3. The Senate followed the next day by a 96-2 margin. President Reagan signed the bill into law on August 10.

Because of provisions other than the check hold language, a presidential veto is possible.

As adopted by the conference committee:

- One year after the law takes effect, holds on "local" checks will be limited to two intervening business days, and holds on other checks will be limited to six days. "Local" checks are defined as those written on an institution in the same Federal Reserve check processing region as the depository institution. There are 48 such regions.
- Three years after the law takes effect, and perhaps sooner, maximum hold periods will be further reduced to one intervening business day for local checks and four days for nonlocal checks.
- Next business day availability will be provided, beginning after one year, for cash deposits; local, state, and federal government checks; the first \$100 of a day's deposit by checks drawn on the institution in which they are deposited; and cashier's checks, certified checks, and teller's checks.
- Longer hold periods will be allowed under specified high risk situations, subject to guidelines to be adopted by the Federal Reserve Board. These circumstances

include new accounts; large dollar deposits; redeposited checks; checks deposited in accounts that have been repeatedly overdrawn; checks the depository institution has reasonable cause to believe are uncollectible; and certain emergency conditions such as interruption of communication facilities.

- Special provisions for cash withdrawals and for deposits in nonproprietary automatic teller machines would allow longer hold periods in some circumstances. These provisions had not been completed at press time.
- The Federal Reserve Board will be required to reduce the time periods for nonlocal checks where the check processing system allows shorter periods. It is anticipated that this authority would be used largely in the northeast, where check processing territories are small, and some nonlocal checks can be transported quickly.
- Depositors will receive full disclosure of check hold policies when the law takes effect, when changes are made in their institution's policies, when they open an account, and on request. Depositors who

become subject to one of the longer hold periods will be notified why the longer hold has been invoked and when funds will be available.

CFA Praises Agreement

CFA Legislative Representative Alan Fox hailed the conference committee agreement as "a solid victory for consumers. Excessive and arbitrary hold periods will soon be little more than bad memories."

Congress has considered the issue for more than ten years. Since 1985, inaction by the Federal Reserve and the financial industry and the development of a diverse coalition in support of legislation "made passage of major banking legislation without strong check hold provisions unthinkable," Fox said.

The strength of the coalition was illustrated on January 27, when Fox was joined at a House Banking Committee hearing on the legislation by representatives of the U.S. PIRG, National Consumers League, National Conference of State Legislatures, United Steel Workers, Congress Watch, Consumers Union, ACORN, American Association of Retired Persons, and the AFL-CIO. These groups and other senior citizen, labor, consumer and low-income organizations lobbied and participated in a variety of grassroots efforts to pass the legislation.

Battle Not Over

While the check hold provisions were approved with surprising ease, the bill's other major provisions remain controversial. "The Administration regards the FSLIC financing as insufficient and opposes the

(continued on page 3)

House Adopts Truth in Savings Bill

The U.S. House of Representatives passed H.R. 176, the Truth in Savings Act, on June 29 by voice vote after little debate. The bill, sponsored by Rep. Richard Lehman (D-CA) and more than 100 cosponsors, goes next to the Senate, which has never before considered this or similar legislation.

Easy passage of the bill in the House was assured in large part by CFA's revelation that some banks pay consumers interest based on less than the full amount in their accounts. This technique, often called the "investable balance" calculation method, allows banks to claim to be paying a competitive rate of interest while they actually pay a substantially lower rate.

In the weeks after CFA released information on the "investable balance" method (see related article, page 4), the practice was widely reported in the news media and denounced on the floor of the House

of Representatives by Banking Committee Chairman Fernand J. St Germain (D-RI). An American Bankers Association survey conducted in response to the CFA report found that about 14 percent of all commercial banks use the method on one or more of their consumer accounts.

"...disclosure is the most effective tool and resource which both institutions and consumers can rely on."

The Banking Committee on June 18 unanimously added a provision to the Truth in Savings bill requiring interest payments, at the rates disclosed under the bill, to

be based on the full principal amount in a consumer's account, thus effectively outlawing the technique. The amended bill was reported for full House action with no opposition.

Other provisions of the bill set disclosure requirements for advertisements of interest-bearing accounts and mandate the maintenance and distribution of fee and interest rate schedules for each account that include complete information on deposit account fees, rates, balance requirements, and other cost-related terms and conditions.

On the House floor, Rep. Lehman said that "H.R. 176 mandates clear and uniform disclosure of the yield, rate, and those terms and conditions which can affect the yield on interest-bearing accounts offered by financial institutions. In this increasingly competitive and confusing financial services marketplace, disclosure is the most

effective tool and resource which both institutions and consumers can rely on."

Rep. George Wortley (R-NY) added, "The intent of the Truth in Savings Act is to allow the average consumer to understand what the bottom line is before hard-earned money is deposited at a financial institution. This legislation will force depository institutions to rely more on offering quality accounts instead of just fancy advertising."

CFA Legislative Representative Alan Fox hailed the strong bipartisan support received by the bill. "The House has spoken with a clear voice: The marketplace works only when consumers have access to the information they need to make informed, rational choices."

Senate Banking Committee staffers reported that the bill, exactly as passed by the House, will be introduced in the Senate by Banking Committee Chairman William Proxmire (D-WI) and Consumer Affairs Subcommittee Chairman Christopher Dodd (D-CT). Committee action is anticipated this fall.

Air Passenger Protection Acts Introduced

Bills have been introduced in both houses of Congress designed to protect consumers from a variety of risks and inconveniences associated with airline travel.

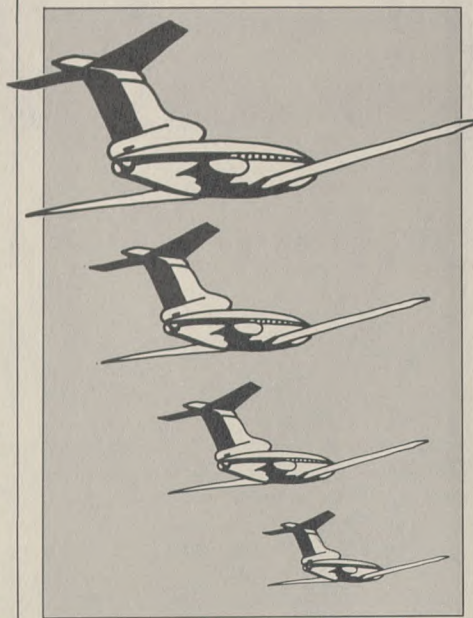
The Senate bill, S. 1485, introduced by Sen. Wendell H. Ford (D-KY), would require airlines to disclose their on-time performance records and other service-related information to the public. H.R. 2491, introduced by Rep. Sherwood Boehlert (R-NY), is designed to protect consumers from the financial risks and inconvenience associated with airline bankruptcies.

Customer Service Issues

Sen. Ford's bill would establish procedures for the Secretary of Transportation to make public monthly records on each carrier's on-time performance, lost baggage, canceled flights, and number of passengers involuntarily denied boarding. The bill would also require each airline to report, along with its on-time performance data, the cause of its delays.

In introducing the bill, Sen. Ford said, "I believe that this is a healthy way of both improving the flow of information to the air traveler as well as providing the needed incentives in a deregulated environment to ensure service competition."

The bill also attempts to improve scheduling by requiring the Federal Aviation Administration to determine the minimum flight time between any two airports in the country and then requiring the Secretary of Transportation to ensure that no airline flights are scheduled for a shorter duration. "This would eliminate the current practice of shaving time off flight schedules, making them unrealistically optimistic," Sen. Ford said.



In addition, the bill attempts to encourage the airlines to spread out their flight schedules during peak travel hours by eliminating the incentives offered by computer systems to

"Financial instability in the airline industry has become an increasing cause of concern since deregulation."

schedule more flights at a single time than the airport can handle. Computer systems currently give priority listing to flights scheduled at preferred travel times.

"Combined, these two provisions will result in more realistic airline scheduling—an objective sought by most passengers," Sen. Ford said.

Complaint Hotline Proposed

Other provisions of the bill include:

- establishment of a 24-hour toll-free hotline at the Department of Transportation

Staggers Act Needs Reform

CFA Research Director Mark Cooper testified in June before the House Subcommittee on Tourism, Transportation, and Hazardous Materials on the need for improved implementation of the Staggers Rail Act of 1980 by the Interstate Commerce Commission (ICC). Cooper's testimony focused on the need for a more accurate revenue adequacy test and outlined the fundamental problems with the test used by the ICC:

- It's target rate on equity is "much too high"—more than four percentage points higher than that actually earned by the *Business Week 1000*.
- The ICC "has overstated the revenue needs of the railroads by allowing them to write up their assets for items that had already been expensed and by using a fictitious cost of debt."

tion for consumer complaints, with the number to be printed on all ticket jackets and displayed at locations throughout airports;

- development of an industry-wide standard for controlling the size and amount of carry-on baggage;
- a requirement that when an airline advertises a discount fare that is limited, it provide notice of the fact that the offer is limited; and
- establishment of an advisory committee to determine the safe and appropriate level of traffic in the air traffic control system.

Receiving broad, bi-partisan support, S. 1485 was introduced, marked up, and reported out of the Commerce Committee for action by the full Senate in the course of one week in mid-July. Action by the full Senate is expected soon.

CFA Testifies on House Bill

Rep. Boehlert's bill in the House would require airlines to provide seating on an availability basis to individuals holding prepaid tickets issued by bankrupt airlines. The bill would create a fund within the Airline and Aviation Trust Fund, a federal fund that is 88 percent financed by the consumer, to reimburse airlines that honor such tickets or passengers holding such tickets.

"The unique nature of the airline industry—offering a highly time-specific service and requiring full payment in advance—creates a unique risk to consumers," said CFA Research Director Mark Cooper in testimony in June before the House Subcommittee on Aviation. "The instability introduced by deregulation has turned that theoretical exposure to risk into a real problem. Congressional action to protect consumers from the financial losses and the inconvenience of air traffic obligations in default is necessary."

Before deregulation, the airlines' system of requiring full payment of fares in advance did not pose a serious problem for consumers, since few airlines went bank-

rupt, and since other airlines were required to honor tickets from bankrupt airlines. "With deregulation, both of those two protections, have disappeared," Cooper said.

Since deregulation, more than 160 airlines have gone bankrupt, the largest being Braniff. "Financial instability in the airline industry has become an increasing cause of concern since deregulation," Cooper said. "While several recent studies of airline finances have identified a number of groups that are affected including management, creditors, unions, investors, policymakers, and courts, they have failed to identify one of the most important stakeholders in the industry's financial condition—consumers."

Consumers Among Largest Creditors

Consumers are among the largest creditors of the airlines, directly holding obligations on the industry in the form of an estimated \$4 billion in unused, prepaid tickets, Cooper said. He estimated that consumers have lost more than \$150 million in "bad tickets" due to airline bankruptcies in the last five years.

"Financial loss is only one aspect of the cost imposed on consumers," Cooper said. "Another important consideration is inconvenience. Catching an alternate flight may be difficult. Plans that are contingent upon arrival at a specific time may be disrupted."

"Requiring airlines to honor tickets would solve both the cost and inconvenience problems. Requiring tickets to be honored on a 'space-available basis' would protect customers of the honoring airlines while giving consumers a fair chance to avoid inconvenience," Cooper said. "Thus, we view this program as a reasonable approach to protecting the consuming public from a financial risk it is ill-prepared to incur without distorting the market-place dynamics of the industry."

Consumer Groups Have Clout

An article printed in an independent banking weekly suggests that consumer groups have more influence with Congress than either the White House or the Federal Reserve Board.

Earlier this year in a special report on Congress, *Banking Week* published an article on how to handicap banking legislation. It listed 13 factors affecting chances for passage, assigning a positive or negative weight to each.

In this system, a bill earns a plus five if supported by the Federal Reserve Board, a minus seven if opposed by the Fed. Similarly, backing and opposition by the Administration scores plus five and minus seven respectively.

By comparison, support by consumer groups earns a plus seven, opposition a minus ten, and in an election year, possibly even higher scores. To quote the article, "groups such as the Consumer Federation of America and Acorn are getting bigger, stronger, and more politically savvy."



The balance that Congress intended to strike between the real needs of some railroads for additional revenues and the equally legitimate needs of captive shippers for protection from rate abuse and competitive access can be met if the ICC is forced to implement the Staggers Act as Congress intended," Cooper concluded.

Tropical Oil Bill Proposed

Rep. Dan Glickman (D-KS) and Rep. Ron Wyden (D-OR) have introduced legislation to amend the Food, Drug and Cosmetic Act to strengthen labeling requirements for tropical oils.

The bill, H.R. 2148, would require that if a claim of "100 percent vegetable oil" is made on the front label of a product that contains a tropical oil—palm, coconut, or palm kernel—the label also must state that the product contains a saturated fat. When listed among ingredients on the back label, the oil would have to be identified as a saturated fat.

Since saturated fats can lead to heart disease by raising blood cholesterol levels, many consumers purchase vegetable oil, because they believe it is more likely to be polyunsaturated. However, tropical oils contain between 51 and 92 percent saturated fat, compared with lard, which has 41 percent saturated fat.

Mitch Zeller of the Center for Science in the Public Interest (CSPI) has called the bill "vitally important." Last year, CSPI petitioned the Food and Drug Administration to change the labeling requirements for tropical oils. H.R. 2148 incorporates the items contained in that petition.

The bill has been assigned to the House Energy and Commerce Committee's Health and Environment Subcommittee. Hearings have not yet been scheduled.

Check Holds

(continued from page 1)

other two major provisions," Fox said. "That makes a veto highly possible, unless the President decides that the FSLIC money is so badly needed that any further delay would be dangerous.

"Even if the bill is signed, the battle is not completely over," Fox added. "The Federal Reserve Board will spend the following year writing the rules that will implement the legislation. Many of those rules will be every bit as important as the bill itself."

Other Consumer Provisions

Two other consumer provisions, adopted on the Senate floor, were also considered by the conference committee. Both were initially proposed by Sen. Howard Metzenbaum (D-OH).

Sen. Metzenbaum's proposal that all variable rate mortgages, including home equity loans, be required to have annual and lifetime limits on interest rate increases was adopted with little discussion. The amendment will ensure that federal regulations governing interest rate disclosure on such loans will allow an accurate "worst case" disclosure. Regulations for disclosure of variable rate first mortgage loans are expected to go into effect in the fall of 1988.

A proposal requiring depository institutions to cash government benefit checks for nondepositors met with a different fate. The conferees voted instead to require the General Accounting Office (GAO) to study the need for such a requirement and to report to Congress within six months after the bill becomes law. Banking Committee Chairmen Proxmire and St Germain both promised hearings on the issue as well. The report could be completed in time to be considered when the next round of major banking legislation is initiated.

House and Senate staffers spent the first half of July finalizing the conference committee's agreements. Each house is required to approve the conference report, with those actions expected before the August recess. The House is expected to approve the report with little controversy, but a fight is expected in the Senate as a way of demonstrating that enough Senators oppose the bill to uphold a Presidential veto.

Financial Planning Abuses Growing

Consumers lost at least \$500 million through financial planning fraud in 1986, and at least as much money was misinvested as a result of the less dramatic, but more widespread problems of incompetence or self-interested advice, according to a study released in July by the Consumer Federation of America.

"Our research indicates that abuses by financial planners should be measured not in the millions, but in the billions of dollars," said CFA's Barbara Roper, the author of "Financial Planning Abuses: A Growing Problem."

The purpose of the 69-page report was to examine industry practices in order to develop a comprehensive picture of the problems in this rapidly growing, loosely regulated field.

CFA estimates the number of individuals nationally who call themselves financial planners to be at least 250,000 and possibly as many as 400,000, depending in part on how restrictive a definition one uses. "While many planners offer valuable services, this financially attractive field is wide open for exploitation by individuals and firms that either cannot offer or have no interest in offering comprehensive, objective financial advice," she said.

Three Categories of Abuses

The CFA study uncovers three categories of abuses:

Outright fraud—violations of securities law and other criminal and civil statutes, among the most common being embezzlement and sale of abusive tax shelters;

Self-Interest—the recommendation of products based primarily on the commission or sales incentives earned, rather than on the client's best interest; and

Incompetence—lack of comprehensive knowledge of the many areas included in proper financial planning practice.

"We determined that while fraud is a serious problem among financial planners, it is practiced primarily by con men operating on the fringes of this legitimate profession," Roper said. "On the other hand, self-interested and incompetent advice are mainstream problems of the profession. All planners who sell products and earn commissions (the majority) must confront a basic conflict between promises of objec-

tive advice and reliance on commissions from product sales for the majority of income. Our research indicates that, while many planners manage to handle the conflict honestly, planning is often sales-directed."

Furthermore, planners are not required to meet any standard of knowledge, and only a small percentage of planners (5-10 percent) have completed one of the voluntary education programs designed to provide comprehensive knowledge of the field.

The report offers a regulatory reform program to deal with financial planning abuses, including:

- clarification at the federal and state levels that anyone who calls himself a financial planner falls under the jurisdiction of investment adviser laws;

- passage of the investment advisers portion of the uniform securities act in the 11 states and District of Columbia that have not yet done so;

- passage in all 50 states of the North American Securities Administrators Association model amendments to that law;

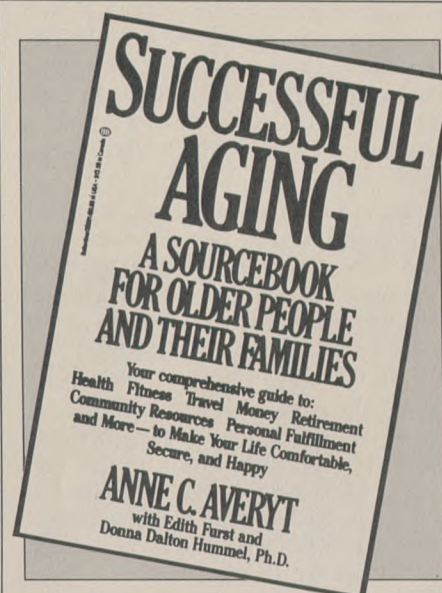
- creation of a national computerized registry of planners and planning firms, including a record of enforcement actions taken at the federal or state level against a firm or individual, to be used in evaluating the applications for registration of planning firms and of individual planners;

- an increase in registration fees and in appropriations for enforcement at both the federal and state levels, to support increased field inspections for financial planners;

- amendment of state and federal laws to guarantee private right of action against abusive planners, including provisions for class action suits, minimum recovery, and for apportioning responsibility between the firm and its representatives;

- and strengthening of disclosure requirements, by broadening the scope of information to be reported to include Part I as well as Part II of Form ADV, and by limiting the form the disclosure document can take, so that disclosure information is not lost in slick promotional materials.

"The existing federal laws covering financial planning are good laws. The real problems arise in the area of inadequate inspections and enforcement," Roper said. "Until those problems are dealt with, consumers will be at risk from abusive planners. The best answer for consumers today is to use care in selecting a planner and to take responsibility for being knowledgeable enough to recognize bad advice."



Book Offers Guide to Aging

While thousands of agencies and programs exist throughout the country to provide assistance of all types to the elderly, the elderly in need of assistance often do not know about these programs, and the programs often fail to find many of the elderly in need.

In response to this problem, Anne Averyt, former CFA Product Safety Director, and Edith Furst, CFA Product Safety Coordinator, have written *Successful Aging: A Sourcebook for Older People and Their Families*.

The 526-page book is divided into sections on Social Security and Medicare, health and nutrition, drug packaging, alternative housing choices, retirement planning, and how to cope with death and dying. Following a first chapter devoted to an exploration of the aging process, age-related myths, Alzheimer's disease, and "the secret of successful aging (life satisfaction, good health, family and friends, financial security, and personal control over one's life)," the bulk of the text is divided into suggestions and sources for a well-planned retirement, preparing for widowhood or divorce, financial peace of mind, keeping active, independent living, keeping healthy, doctors, drugs and paying the bills, senior cuisine, and death.

The book is also written for the aging parents' children, dubbed "the sandwich generation," who are often "caught in the middle, caring for both their own families and their parents, who may be in poor health or living in another part of the country." The book's extensive appendices can be used to set up care for distant relatives.

Successful Aging is published by Ballantine Books and is available in book stores for \$9.95.

CFAnews



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Tips for Selecting a Planner

There are some precautions a consumer can take to reduce the risk of falling victim to abuse.

1. Make sure that the planner is a registered investment adviser. This is no guarantee of quality, but it does indicate some willingness to comply with existing legislation.

2. Request a copy of the firm's disclosure brochure before signing any contracts, and read it carefully, particularly the sections on the educational qualifications of the firm directors, any past history of security violations, and the methods on which planning is based.

3. Talk to several financial planners before choosing one, making sure you talk to the individual with whom you would be working. The planner should be willing to meet with you for a half hour to an hour at no cost before you make a selection. Use this time to get to know how the planner

operates, his educational background, his fees, and how he bills for services.

4. Do not work with a planner who pressures you to make investment decisions quickly, whose advice seems sales directed, or who refuses to provide you with information on sales commissions and sales incentives received.

5. Be extremely cautious in giving a planner discretion over your funds, limit that discretion as far as possible (to sales, for example, and not to purchases without your express permission), and be sure to review every trade yourself. Insist on seeing the actual paperwork, not a planner's review of transactions.

6. Do not assume that you cannot afford a fee-only planner; contrary to popular opinion, not all fee-only planners are high-priced.

7. When choosing a planner, the best sources of names are friends or family members who have a planner of proven ability and honesty.

Bank Service Costs Continue Sharp Climb

Costs to consumers for routine bank services have increased sharply in the past year, according to CFA's fourth annual Bank Fee Survey. The survey was conducted by CFA, San Francisco Consumer Action, and 20 consumer organizations representing every region of the country. It was released in June in a Washington, D.C. press conference.

At the press conference, the organizations called on Congress to enact "Truth in Savings" legislation to guarantee consumers access to information about account fees, interest rates, and other conditions, and Rep. Richard Lehman (D-CA), congressional sponsor of such legislation, pledged a renewed effort to pass his bill (see related article, page 1).

"Full disclosure of all account fees and conditions is vital to consumers' ability to shop for bank accounts," said CFA Legislative Representative Alan Fox. "As fees escalate and interest rates decline, it becomes more and more vital for consumers to be able to know just what their bank services cost."

The survey finds that the net cost of interest-bearing checking (or NOW) accounts climbed 11.8 percent in the year ending April 1987, following similar increases in the previous two years. Consumers with small balances and moderate account activity now pay about 42 percent more for interest-bearing checking accounts than they did in 1984.

The survey also finds that interest rates on savings and NOW accounts have dropped since legal rate ceilings were removed one

year ago. In 1986, more than 90 percent of the savings accounts surveyed paid consumers 5.25 percent or more in interest. In 1987, only 55.6 percent paid that much, and 13.2 percent paid less than 5 percent. Similarly, more than 90 percent of NOW accounts in 1986 paid 5.25 percent. In 1987, fewer than 40 percent paid 5.25 percent or more, and more than 40 percent paid less than 5 percent.

Terminology Confusing

Terminology in banks' brochures is "confusing and inconsistent," according to the report, which identifies more than 50 different terms used to define the balance on which interest is paid. At least one term, "investable balance," is used to disguise the fact that banks are paying less than their quoted rate, the report states. Using this technique, revealed for the first time in this survey, some banks refuse to pay interest on as much as 12 percent of consumers' deposits. The quoted interest rate thus overstates the actual interest consumers receive.

"This technique is deceptive and dishonest," Fox said. "It is the bankers' version of the thumb on the scale."

Thrifts Cost Less, Pay More

Thrift institutions (savings and loans and savings banks) pay consumers more interest and charge lower fees, according to the survey. Thrift interest rates range from a quarter of a point to a third of a point higher than banks' rates, depend-



Rep. Richard Lehman (left), the sponsor of Truth in Savings legislation, participated in the press conference announcing CFA's fourth annual Bank Fee Survey. Also participating were CFA's Alan Fox and Consumer Action's Ken McEldowney (right).

ing on the type of account. For low-balance depositors, thrifts' NOW accounts were 28 percent cheaper, and their noninterest checking accounts were 24 percent cheaper. Many thrifts still do not offer noninterest checking accounts, however.

Consumers with less than \$1000 to save (about 40 percent of all households) are better off putting their savings in old-fashioned savings accounts than in "market-rate" Money Market Deposit Accounts (MMDAs), according to the report. Fees on savings accounts with balances over \$100 are rare, while MMDA fees average \$50 per year. Savings accounts also pay low-balance depositors a higher rate of interest than MMDAs—an average of 5.17 percent versus an average of 4.75 percent.

The net effect is that a deposit of just under \$1000 will earn an average of \$45.68 per year in a surveyed savings account, and only \$5.35 in an MMDA.

"The report spells out the difficulties most consumers face in shopping for basic financial services," said report co-author Ken McEldowney, Executive Director of Consumer Action and President of CFA. "Existing disclosures fail to inform consumers of many basic facts about fees and interest rates. Consumers with balances of under \$1000 do not learn until their first monthly statement arrives that not only will they not receive an advertised rate of interest on an MMDA, but that in fact they could lose money in such an account over the course of the year."

Indoor Air Quality Bills Progress in Congress

Bills aimed at alleviating the dangers posed by radon contamination have progressed in both the House and the Senate prior to recess, while the House provided a victory for anti-smoking forces.

The Senate passed S. 744, the "Radon Program Development Act of 1987," by voice vote July 8. The measure authorizes \$10 million per year for fiscal years 1988-1990 for federal grants and technical assistance to state programs for radon control in homes and schools. The Senate won Reagan administration support for the bill by agreeing to reduce the Federal grant share from 75 percent for each fiscal year to 75 percent in 1988, 60 percent in 1989 and 50 percent in 1990. In the course of mark-up, the Committee included a provision for the study of radon in federal buildings but authorized no additional funds.

The Senate bill also authorizes \$1.5 million for the Environmental Protection Agency (EPA) to survey the extent of and to reduce radon contamination in the nation's schools. With an additional \$1.5-million appropriation, EPA is directed to expand and improve its radon training and proficiency programs. EPA is to certify private firms and individuals dealing in radon testing and mitigation and to make this information available to the public.

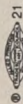
A similar measure (H.R. 2837) was approved July 1 by the House Subcommittee on Transportation, Tourism and Hazardous Materials by a vote of 14-0. Full committee mark-up has yet to be scheduled.

Supporters of clean indoor air were given an additional boost by the House's surprise vote of 198-193 July 13 in favor of a measure that would effectively ban smoking on airplane flights of two hours or less. Spearheaded by Representative Richard J. Durbin (D-IL) and co-sponsored by Representative C.W. Bill Young (R-FL), the controversial amendment to the transportation appropriations bill would deny airport improvement funds to airports that allow landings by carriers that permit smoking on flights scheduled to be in the air for two hours or less. According to Rep. Durbin, this ban would cover approximately 80 percent of all domestic flights.

CFA participated in an intense lobbying effort by the Coalition on Smoking or Health in support of this bill. The coalition is now turning its attention to the Senate, where Senator Jesse A. Helms (R-NC) has already indicated that he is prepared to stage a filibuster if necessary. "While we are certainly encouraged by the victory in the House, there is a stiff battle ahead," said Susan A. Weiss, CFA Legislative Representative. "However, the time and climate for this legislation may be nearer than opponents believe."

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