

# Important Information About Debit Cards & Overdraft Fees

## **Learn more about bank overdrafts and how to avoid the fees**

Bank overdrafts occur and an overdraft fee is charged to you when a debit transaction (for example, a check, ATM withdrawal or debit card purchase) exceeds the **available balance** in your account and the bank still approves the transaction. As a checking account customer, you know how important it is to keep track of your balances to avoid the inconvenience and expense of overdrafts and accompanying fees. Learn more about overdraft fees and how to avoid them with this helpful guide.

## **What is an available balance?**

The available balance is the amount of money in your account, minus any holds (such as **outstanding debit card authorizations**) and deposits that are not yet available due to the bank's funds availability policy. It does not include checks you've written that have not yet cleared, pending online bill pay transactions, or pre-scheduled debits (e.g. health club dues automatically debited from your account at a certain time each month).

Your available balance can fluctuate during the day as it is updated to reflect transactions you make, such as cash deposits, direct deposits, account transfers, withdrawals and debit card purchases. You can determine your available balance at the ATM, by phone or by accessing your account online or with mobile banking.

## **What is an outstanding debit card authorization?**

An outstanding debit card authorization is the amount immediately deducted from your available balance while the bank waits for the final settlement request from the merchant, which can take several days. A final settlement request is an instruction from the merchant to the bank to deduct the exact amount of your final purchase. It follows after the debit card authorization request and completes the transaction. While the majority of transactions are settled within one business day, the actual timing rests with the merchant and is out of the bank's control.

Keep in mind, until the final settlement, the outstanding authorization amount may be larger or smaller than your actual purchase amount. In some cases when final settlement is delayed, the outstanding authorization is released,

which causes your available balance to appear larger than you might otherwise expect.

### **What is an overdraft?**

An overdraft occurs – and an overdraft fee is charged to you – when a debit transaction (for example, a check drawn, ATM withdrawal or debit card purchase) exceeds the “available balance” in your account and Bank OZK still approves the transaction.

### **Can I overdraw my account at the ATM or with my debit card?**

Yes. As a courtesy, Bank OZK may approve ATM or debit card transactions that result in overdrafts and the charge of an overdraft fee. Regulations that became effective on August 15, 2010, allow customers to choose how these transactions are handled.

### **How and when are transactions deducted from my account?**

At Bank OZK, we do not process your transactions in the order that you make them or when we receive them. Rather, we post them based on the transaction type, then by either serial number or amount. Specifically, our posting order is (1) automated, internet and voice banking, and wire transactions, posted from smallest amount to largest amount; (2) ATM/debit card transactions posted from smallest amount to largest amount; (3) ACH debit transactions posted in serial number order if possible, otherwise posted from smallest amount to largest amount; (4) checks presented in person posted in serial number order; and (5) other checks posted in serial number order. Bill payments made through online banking may be completed by check or by ACH.

### **Can an outstanding debit card authorization result in overdraft fees for me?**

A merchant’s outstanding debit card authorization request will alter the available balance in your account. If, as a result, your available balance falls below zero, then overdraft fees will be charged for any transactions that post to or clear your account. For example, a debit card authorization may lead to overdraft fees in certain circumstances:

- Those who spend the funds in their account, anticipating a delay between purchase and settlement, may experience an overdraft fee. This is because the outstanding debit card authorization reduces the available balance in the account even though the actual purchase has not posted yet.

**Example:** Fred has a \$100 available balance and makes a \$75 debit card purchase. His available balance will be immediately reduced by \$75, or the amount of the outstanding debit card authorization. If he

makes another purchase or withdrawal beyond the remaining available balance of \$25, it will result in an overdraft fee.

- If a merchant obtains an authorization for your debit card, but then your purchase is paid for by other means, the merchant must submit a reversing transaction to remove the debit card authorization. If they do not do this, the available balance will be reduced until the hold expires, normally two business days.

**Example:** Wilma has \$250 in her account and uses her debit card to pay \$175 for theater tickets. She decides, after the card is swiped, to pay by cash. The theater operator does not reverse her debit card authorization immediately and her available balance is reduced by \$175. That night, a \$200 check she had previously written posts to her account. As a result the account is overdrawn and a fee is charged.

### **Will the debit card preauthorization hold always equal the exact amount of my transaction?**

No. Some merchants, especially gas stations, hotels and sometimes restaurants, will preauthorize an amount that is higher or lower than the actual purchase amount. For example:

**Gas stations:** Many gas stations preauthorize transactions for amounts ranging from \$1 to \$75 because they do not know how much gas you will actually pump in advance of your transaction. If they preauthorize \$75, we will place a hold for \$75, even if your actual transaction is only \$45. After 2 hours, the gas station must send the final transaction amount which will cause the hold to be for the correct amount. If you are worried about large preauthorization holds from gas stations, we recommend that you use a Bank OZK credit card for your transaction.

**Hotels:** When using a debit card to make reservations in advance, hotels generally will preauthorize an amount equal to an overnight stay, or more, depending on the length of your stay. This will result in a hold on your account up to 72 hours. Then, when you actually arrive, the hotel will place another preauthorization, often larger than the cost of your stay to cover possible incidental expenses. Because these can result in significant holds against your account, we recommend always using your Bank OZK credit card for hotel reservations.

**Car Rental Companies.** When renting an automobile, most car rental companies will authorize an amount greater than the actual cost to cover any additional expenses. We recommend using your Bank OZK credit card when renting an automobile.

**Restaurants.** Many restaurants authorize an amount that is slightly larger than the bill in the event that you include gratuity on your card transaction. Alternatively, the restaurant may authorize the amount of bill which does not include any gratuity you may add.

**Do debit card preauthorization holds generate more overdraft fees?**

No, in fact, we believe this feature provides the information needed to help customers avoid overdraft situations and thereby avoid overdraft fees. The advantage of preauthorization holds is that you can check your balance and get a more accurate picture of what is truly available to you before you spend.

**How will I know if a debit card preauthorization hold has been placed?**

Your preauthorization transactions will appear as *Pending*

*Transactions* within Bank OZK Online Banking. You can also obtain your available balance through our telephone banking Info Line and at ATMs. In addition, you may use online banking alerts to notify you via email when your account reaches a balance threshold you specify.

**If you place a hold on my account and then the transaction comes in, is there a chance you'll subtract it again?**

When merchants preauthorize an amount that is different from the final transaction total, there is a chance that the hold and the transaction will not match, and the hold will not release. If the transaction does not match the hold, the system will automatically release the hold on your account in 72 hours.

**Do all debit card transactions clear within 72 hours?**

No. Some merchants will not send the final transaction through to us within the 72-hour time frame of the hold. In that case, the hold will drop off and funds will appear to be available again, however, the debit transaction still has to clear your account. Unfortunately, we have no control over how quickly merchants process their transactions.

**Can I sign up for an automatic transfer to avoid overdrafts fees?**

Yes. Bank OZK offers SafetyLink which will automatically transfer funds from your other checking or savings account when transactions are presented that will overdraw your primary account.

### **Can I cover an overdraft and avoid fees?**

If you overdraw your account during the day, you may be able cover it and avoid overdraft fees by making a sufficient deposit that same day. Review the bank's funds availability policy to determine which deposits could become available the same day.

### **Manage your account to avoid overdraft fees**

The simplest way to avoid overdrafts is to balance your checking account on a daily basis. Be sure to record fees and regular account charges and don't assume transactions will not post to your account for several days. You can also avoid overdrafts by signing up for online banking alerts to know when your account is reaching a certain balance.

### **Protect Your Account from Overdraft**

**Eliminate the hassle and expense of overdrafts.** At Bank OZK, we want to help you get more out of your money and make smarter financial decisions. And to help our valued customers avoid the hassle, expense, and embarrassment of overdrafts, we've put together this brief guide, which outlines some simple steps you can take to protect yourself. Of course, if you need further assistance or have any questions, don't hesitate to speak with one of our bankers.

**How overdrafts happen.** Today, with the growth in electronic banking, such as debit card transactions and ATM withdrawals, it's easier than ever to forget to record a transaction and find your account overdrawn. An overdraft occurs when you do not have sufficient available funds to cover transactions you have made, such as:

- Checks · In-person withdrawals · ATM withdrawals · Debit Card purchases · Automatic payments · Other electronic transactions

**What happens when your account does not have sufficient funds.** When your account does not have sufficient funds, at our discretion we will either pay the transaction which will overdraw the account or we will refuse or return the transaction. Whether we decide to pay the transaction item or we decide to return it without paying it, you may be charged a fee for each transaction for overdraft/insufficient available funds. Also, the person or company that you are attempting to pay may charge you a "returned check" fee in addition to the fee that we charge.

**How to avoid overdrafts.** The best way to avoid overdraft/insufficient available funds fees is to manage your account carefully. Here are some simple steps to get you on your way.

- **Keep your check register up to date.** Record all checks when you write them in your check register along with other transactions when you make them. And don't forget to subtract any fees.
- **Review your account activity and statements carefully.** With Online Banking, you can view transactions and monitor account activity, 24 hours a day, 7 days a week. When reviewing your account activity, remember that some checks and payments may not have cleared or posted to your account yet.
- **Pay special attention to electronic transactions.** If you use an ATM to withdraw cash or your Debit Card to make a purchase or get cash back, be sure to record the transaction in your register.
- **Don't forget about automatic payments.** If you have automatic payments and deductions from your account, such as your mortgage payment or health club fee, remember to set aside money for them and to record them in your register.
- **Record all transactions immediately and do not assume that they will take days to post to your account.** Information from checks that you write to pay for purchases or expenses (such as credit card or utility payments) may be used to make a one-time electronic transfer from your account. Funds from these transactions may be withdrawn from your account on the same day you make the payment.
- **Consider Direct Deposit.** Many of the checks that now come to you in paper form - including your payroll checks - can be direct deposited into your account. That means you won't have to wait in line to make the deposit yourself, and you won't have to wait for checks to clear.
- **Set up Online Banking alerts.** Set up alerts using Online Banking. You will receive an automatic email alert to notify you if your account balance goes below a threshold that you set.
- **Consider overdraft protection.** Your savings or money market account may be used to provide overdraft protection for your checking account. There is a fee for each automatic transfer associated with this service.

**If it happens.** If your account ends up overdrawn, be sure to deposit money in your account as soon as possible to cover the overdraft plus any fees that may be assessed. By doing so, you'll avoid additional overdrafts and fees.

**Questions?** To learn more about how to avoid overdrafts, or to apply for overdraft protection, stop by your nearest Bank OZK branch or call 1-800-274-4482.