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Sent: Monday, September 27, 2010 3:43 PM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

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September 27, 2010

Comments to FDIC

Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429-9990

Re: Overdraft Payment Supervisory Guidance, FIL-47-2010, August 11, 2010

Dear Sir or Madame:

My bank- G.W. Jones Exchange Bank- was established in 1877. We are a very small community bank. We have four offices. Our goal as a community bank is to service our customers to the best of our ability. We are finding that it is not that easy anymore due to all of the regulatory burdens that have been put upon us. We are trying very hard to continue to put our customers first and do what they need us to do. Before we do anything for anyone we have to check to see if there is a regulation attached to it- from cashing a check to closing a loan for a customer.

I strongly oppose the FDIC's proposed guidance (FIL-47-2010) that addresses overdraft coverage programs. Simply put now is not the time to introduce further regulation targeted at overdraft coverage products. My bank has just implemented new requirements under Regulation DD (Truth in Savings) and Regulation E (Electronic Fund Transfers) at great expense and manpower. Having to rework our bank's deposit products and to accommodate a regulatory moving target does not help my bank serve its customers.

Further, any additional rules should be the result of an inter-agency effort to ensure consistency and fairness in its application for both banks and the customers we serve.

Lastly, I fear that this proposal will ultimately do a great disservice to my customers, many of which appreciate the assurances that accidental overdraft coverage offers in preventing a bill being returned unpaid or a merchant-imposed fee being levied. If regulatory barriers and requirements become too burdensome, I will be faced with discontinuing these services and returning all check and ACH transactions, exposing my customers to fees far greater than those imposed by my bank.

My bank does not manipulate transaction processing to generate more fees and higher revenue. My bank is accountable to its community and its success is dependent on a mutually beneficially relationship with customers. If we engaged in "price-gouging" tactics, we COULD NOT do business in our community.

If the FDIC proceeds with adoption of the proposed guidance, please

consider the following:

To specifically exempt ad hoc programs from this guidance. Ad hoc overdraft coverage is an extension of my bank's customer service and is based on our knowledge of the individual customer. Including ad hoc overdraft coverage in this guidance would damage the relationship between my bank and its customers.

The elimination of the requirement that banks monitor programs for excessive or chronic use (six overdrafts in a rolling twelve month period) and then contact the customer (in person or via telephone) to discuss less costly alternatives. This mandate would be extremely burdensome and operationally unworkable for my bank and would result in an excessive number of calls, causing us to either discontinue our overdraft coverage program, or to close the customer's account and return all payments. We are still trying to be the Bank of Good Service and you are making that impossible by adding a reg. that states we have to call a customer that has six overdrafts in a rolling twelve month period. We are talking with our customers on a daily basis and we try to help them make the right financial choices everyday.

To eliminate the requirement to set daily thresholds on overdraft fees. We price this fee to manage the associated risk and as a deterrent to encourage consumers to engage in more financially-responsible practices. We have the lowest overdraft fee of any other bank we know.

Not to prescribe the order of transaction posting. Banks should retain the ability to post transactions in the order they deem appropriate as long as they do not manipulate processing to maximize overdraft fee income. Customers want us to pay their mortgage payment first- they always have to - so if you mandate an order of transaction posting I do not know what we will do since we try to provide the best customer service we can.

To allow banks to charge a fee for returning items paid by check or ACH. Processing return items represent expense and employee attention and should not be provided free of charge. If we were even a large bank that would be impossible. We are very small bank and we could never be able to do that. REMEMBER a small bank will not continue to survive if we are set up to fail by this regulation and all of the others that have been implemented on us the last two years. Customers are only going to have the choice to bank at a big bank if this continues.

I urge the FDIC to carefully consider this measure to ensure that the guidance does not impede my bank's ability to provide overdraft coverage services to my customers. If we are forced to abandon or significantly alter these services due to regulatory burden, the result could lead more consumers into becoming unbanked or relying on other products such as prepaid debit cards and check cashing services, which have higher fees and foster unsound financial practices.

Sincerely,  
Christina Jones  
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