

From: Peggy Rowden [prowden@mariescountybank.com]
Sent: Friday, September 17, 2010 6:02 PM
To: Overdraft Comments
Subject: Overdraft Payment Guidance

This is regarding the FDIC FIL-47-2010 dated August 11, 2010 "Overdraft Payment Supervisory Guidance". I appreciate the opportunity to comment on this guidance. I work at a small community bank in Missouri and this proposed guidance imposes policies and procedures that go beyond current regulations. We already give clear and meaningful disclosures to our customers about our product offerings. We do not offer consumer overdraft lines of credit as the open-end disclosures required by Regulation Z are extremely complex and would require us to invest in technologies and resources that would not be feasible for our bank. We do offer FREE automatic transfers from savings accounts to checking accounts to help avoid an overdraft fee. Our customers already are given disclosures at account opening and have the opportunity to decline any and all overdraft services we offer. We offer FREE online banking so many customers have the opportunity to keep a daily watch on their accounts, yet many make the choice to use our overdraft program.

This guidance also expects us to monitor accounts and take meaningful and effective action to limit use by customers as a form of short-term, high-cost credit, including, for example, giving customers who overdraw their accounts on more than six occasions where a fee is charged in a rolling 12-month period a reasonable opportunity to choose a less costly alternative and decide whether to continue with the fee-based overdraft coverage. Customers are given periodic statements on their accounts and are completely aware of their actions. I believe if I were to contact a customer and try to explain to them they were using the overdraft service excessively they would be completely offended and would most likely take their account up the street. If our customers felt the fees for this service were excessive, I believe the first time it happened they would be calling the bank and finding out if there were other options available or they would move their account.

First and foremost, customers need to learn to keep better track of their transactions. Quite frankly and from a practical standpoint, contacting customers who would be considered to have used the service in excess would be extremely difficult to implement. Many of our customers have more than one account. How are we to count the "six" occasions?

Further, FDIC expects us to institute appropriate daily limits on overdraft fees. This proposed guidance goes beyond current law. Currently Missouri law contains no limits on what a bank may charge for an overdraft fee, and does not impose a daily limit. The marketplace should and does drive this issue. The FDIC believes this guidance will be less costly for the consumer. I disagree. If banks are forced to limit the amount of overdraft fees they will drop overdraft programs all together and not pay the items and return the checks, the customer would still incur a non-sufficient funds fee at the bank and then would incur a returned check fee from the merchants. If customers feel they are unfairly being charged excessive fees, they have the option of choosing another bank. I don't believe the FDIC should mandate a set limit on overdraft fees.

We respect our customers and have acted responsibly towards them. There is not going to be a perfect formula to resolve all the issues with overdraft programs. Financial education is the key. Missouri is already doing its part by requiring high school students to have a personal finance class to meet high school graduation requirements. Our banks, as well as many other banks, go into the schools each year to teach students about how to manage their finances.

Thank you for your time and consideration of my comments.

Respectfully,

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