

From: Jennifer.Hughes@firstfedohio.com
Sent: Wednesday, September 22, 2010 3:36 PM
To: Overdraft Comments
Subject: Comments on Proposed Overdraft Changes

FDIC,

I would like to comment on the proposed changes to Overdraft Guidance. I am currently an Internal Auditor & Compliance Officer at a small thrift. I have been in banking for over 18 years, with my earlier years being at a commercial bank.

- 1) **PLEASE make NEW GUIDANCE REPLACE EXISTING GUIDANCE.** Financial Institutions have been bombarded with regulatory changes and we need to have less areas to make sure we stay in compliance, not more. By adding additional guidance and not replacing what currently exists, more confusion exists and mistakes are likely to be made. Recent regulatory changes have also outdated previous guidance.
- 2) **Six overdrafts within a rolling twelve month period is arbitrary** and not at all in line with real historical facts. Can the FDIC please look at what institutions experience by customers accounts? Is there a way to establish what the average is now and then set a goal to reduce this average? Don't choose the arbitrary amount of six in a twelve month period because it likely will not help customers who are struggling financially.
- 3) **Accountholders are already made aware of alternates to fee based overdraft programs** at account opening and within required disclosures related to ATM and everyday debit card overdraft service opt-in. There is no need to require financial institutions to repeatedly remind accountholders of these services throughout the life-cycle of the account.
- 4) **Customers expect and welcome financial institutions paying their reasonable overdrafts.** If regulators continue placing constraints on overdraft programs, financial institutions will no longer offer these programs. An unintended consequence for the account holders will be higher fees and a decrease in service levels; increased fees not paid to the bank, but to other entities collecting on "bad" checks.
- 5) **Small dollar loans are not the appropriate substitute for existing overdraft services.** These loans may help some customers, but not all customers would qualify for these loans and would not increase their access to additional funding to help them avoid an overdraft. Many overdraft customers are habitually overdrawing their accounts and paying back to get their account to a positive balance, with fees included, then repeat the overdraft within the month when their money gets tight. This pattern continues month in and month out, but they are able to keep an account open at financial institutions because they don't lead to losses for the institution.
- 6) **Recent changes to Regulations E and D have not had enough time to be evaluated.** Allow more time for customers and financial institutions learn from what these changes will do to the overdraft services offered. If additional changes are needed, make them based on facts.
- 7) **Show examples of good overdraft programs as "best practices"** so financial institutions are not all trying to create products that do not meet the regulators requirements. Be direct, financial institutions can handle directives when necessary.

Thank you for your attention.

Jennifer Hughes

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