From: Scott Jennings [mailto:sjennings@summitfgi.com]
Sent: Saturday, September 25, 2010 2:20 PM
To: Overdraft Comments
Subject: Comments on FIL-47-2010

Thank you for the opportunity to comment on Financial Institution Letter FIL-47-2010 titled Overdraft Payment Programs and Consumer Protection, dated 08/11/2010.

Although I agree that there are parts of this guidance that may be helpful to customers, I believe most of the provisions in the guidance would not help customers control their use of Overdraft or NSF services from the banks. It has always been an important part of our bank to inform the customer's of their options when it comes to Overdraft and NSF protection. For those that are concerned about paying these fees, they do contact the bank and ask for help in managing their finances and setting up alternative ways to not pay this fee again *ever*. However the majority of our Overdraft and NSF customers have elected to incur these fees even though there are alternatives to this service. With the implementation of the Regulation E and Regulation DD "opt-in" changes, it has given us the chance to contact customers that currently use the service. In our discussion with these individuals they were glad to have the "opt-in" service for the Debit card transactions and did not want to lose this service. Since this service was just put in place, an adequate amount of time has not been provided to study the habits of the customers.

As far as the expectations listed in the FIL I would like to comment on each one.

- As far a promptly honoring customer's request to decline coverage of any overdraft service provided by the bank, it has been a standard for our institution since we started offering the Overdraft program. As a community bank, if we do not promptly service our customers, we will lose them to other banks that offer better services. As far as community banks are concerned I believe they follow this guideline.
- On other methods we do offer OD sweeps from savings accounts however we have found that the majority of the customers that have a savings account do not have the need for the OD service. If they do OD and have the funds in a savings account, most of the time it was a mistake on the customer's side. We do refund fees as will to customers if they indicate that this was an error and it is not a consistent issue with the customer. Again I think telling customers that have used the service of alternative methods to avoid the fee is just good customer service. For those that use the service and do not want to pay the fee, we do discuss these methods to them.
- As far as monitoring the accounts, I do not believe that monitoring and contact customers via telephone when they have more than 6 OD's in a 12 month rolling period would not be effective or customer friendly. As I have stated before, the customers that use these service know that they are being charged these fees. They see it now on every statement they get. They also get a notice in the mail each time they use the service. Calling and tracking the ones that have over 6 would not only be costly to the banks but ineffective for the customer. Even if the banks would send out a separate notice telling customers of their options, I believe that most would not respond to the notice.
- As far as limits on the overdraft fee for one day I think that if a standard is going to be set, it should be set for all institutions. Leaving it up to the discretions of the banks would leave each determination open to criticism both from a regulatory side if the fee is set too high or a management side if the fee is set too low. As I have stated above, if the customer had an error and there were many OD's that posted to their account relative to an honest mistake, for good customer service we work out an amount with them for these items. I do not think there should be a limit, however good customer service should dictate that if an customer has an issue then they can contact the bank and work out the issue with the bank. That is good customer service.

- As far as what order items are paid in order not to maximize cost to the consumer, I believe this should be set for all institutions. If not it leaves it up to the examiner to determine if the practice is far or not fair without giving specific guidance to the financial institutions. However the FDIC needs to look the future of how payments are processed now. It use to be the payment from highest to lowest was the standard practice because it was assumed that all transactions were done by check and that the largest transactions would be considered to be the most important. With the advances in electronic payments, the number of customers processing checks is now lower than the number completing electronic payments. More and more customers are going electric with bill pay options and efficiencies where checks will not be a significant part of this process. In addition to this, Debit card transactions has reached a point where is it easier to pay with a debit card then to carry cash. With this in mind, the type of transaction will need to be determined first as a method of paying an item. For example, a bank that pays the highest to lowest item would need to cover authorized Debit Card transactions before covering the first check, even if the check is the higher dollar amount. Care needs to be exercised before making a generic decision on the order of payment presented items.

Thank you for viewing my comments on this important issue.

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