

From: Ann Armignacco [<mailto:AnnA@RBCB.COM>]  
Sent: Monday, September 27, 2010 12:26 PM  
To: Overdraft Comments  
Subject: Proposal Overdraft Payment Supervisory Guidance

Not all overdraft fees are abusive and the “abuse” can be on either the side of the bank or the side of the customer.

Our community bank does not process overdrafts in an automated manner. We have a procedure that has at least two sets of “eyes” looking at each overdraft. We try to contact the customer to notify them of the problem, to try to resolve the overdraft, and to understand the root of the problem. Was it a simple arithmetic error? Has the customer experienced a life event that they are trying to deal with? Does the customer need more education about the way checking accounts work and their inherent responsibilities? Is a checking account appropriate for this individual? Is this individual taking advantage and looking for an interest free loan? Does it appear to be kiting? Whatever happened to “know your customer?”

We try to serve our community, not the community 100 or 500 miles away. We are like most community banks. We have had to endure the reaction to the Wall Street investment banks during the financial crisis and have had to work to make the public understand that we are not like them. The financial collapse was not brought about by many small community banks although the trickle down effect has impacted us all.

If these restrictions on overdraft fees are put into place, how are banks going to make up the shortfall in income? Articles have been written reporting that some banks will phase out free checking. Maintenance of checking accounts does cost banks money. It is generally the relatively few accounts that are habitually overdrawn that help defray the cost to the bank of maintaining deposit accounts in general. We are not being greedy. We have employees who need a living wage. We have shareholders who want a return on their investment. We have a responsibility to try to balance the needs of the community, employees, and shareholders.

What impact would these restrictions have on the “unbanked” segment? How large does this group have to get before more regulations have to be put into place to serve them? So it would seem it is better to send these people to check cashing facilities, who charge fees for the service, and then they would have to purchase money orders, envelopes, and stamps.

We will most likely end up closing checking accounts that exceed the annual limit of overdrafts. I fail to see how this action serves either the customer or our bank.

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