

**From:** Don Crosby [<mailto:Don.Crosby@alliantbank.com>]

**Sent:** Monday, September 27, 2010 12:44 PM

**To:** Overdraft Comments

**Subject:** Concerns about FIL 47-2010 08/11/2010 - Overdraft Payment Supervisory Guidance

Greetings;

Thank you for allowing me to comment on the proposed guidance. Alliant Bank is a small bank \$110 million with six branches located in rural communities in central and North Missouri.

While I fully support the concerns that I believe the guidance is trying to address – mainly the practices of some banks to extort outrageous fees for overdrafts, I do not believe the guidance as proposed is in the best interest of either the consumer or the banking industry. The guidance seems to go beyond the traditional scope of regulations and rules in specifying disclosures, practices, and consumer requirements.

In a nutshell my concerns are:

- **DISCLOSURES:** The disclosures discussed appear to be in addition to the ones required by Regulation DD and Regulation E. There is a point where too many disclosure are more difficult for the consumer to understand and hard for the financial institution to administer.
- **DEMONSTRATED COMPLIANCE WITH AFFIRMATIVE CHOICE OF FEE BASED COVERAGE FOR ATM AND POS:** I do not understand what is meant by “demonstrated compliance” and worry that it may be burdensome to provide such evidence... particularly if the standard is not clearly identified or is subject to a great degree of interpretation by staff and by examiners.
- **PROMPT HONOR OF REQUEST TO DECLINE COVERAGE OF OVERDRAFTS:** Alliant Bank already complies with honoring the request as soon as practicable as a good and competitive business practices. The guidance is not appropriate to expect banks to do this when there is no accompanying law or regulation.
- **CHOICE OF OVERDRAFT PROGRAMS:** Alliant Bank only has one option for overdraft protection and would find it burdensome to set up and maintain other forms, particularly setting up open end lines of credit and all the disclosures and requirements expect for those products. This is an area where I believe the guidance would force banks to further confuse the consumer rather than offer simplicity and clarity.
- **MONITOR ACCOUNTS – EFFECTIVE ACTION TO LIMIT:** Not only is this requirement outside of the law and regulation but it would be an oppressive burden on Alliant Bank to comply. Customers already receive mail notices when overdrawn, phone calls and a recap of fees on their statement. Account holders are already aware and do not need expensive monitoring to have the banks tell them what they already know. There are a very few customers that would benefit by action or assistance to help them limit their overdrafts. Most customers have reasons for why they choose to act in the way they act and why they do not pursue other alternatives. I would be opposed to all steps that would make the financial institution responsible for customers choices and to tell customers they may not handle their financial affairs in a particular manner. I would not handle my personal financial difficulties by using overdrafts.. .but I would take umbrage if the bank told me that I had to handle it “the FDIC approved way.” This is by far the most objectionable part of the guidance and would cause the greatest problem for the bank and I think would be most insulting to the consumer.
- **PROCESS TRANSACTIONS IN A MANNER TO MINIMIZE COSTS:** It is hard for Alliant Bank to know which checks consumers want us to honor and which checks that they would not mind us returning. Alliant assumes that you write your most important checks first so we honor them in numerical order. It is harder to tell with electronic transaction which is more important to

the customer but I can imagine there is some validity to honoring the largest first as the ones that would most likely impact important things like housing and transportation. I don't think the FDIC can know the best way to meet the customer needs either. As long as the financial institution can justify and help their customers understand the way the items are processed is best. A solution for New York City should not be imposed on the 197 people living in Madison, MO.

Thank you for your time and consideration of this request.

*Don Crosby*

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