

From: rcummings@myalliancebank.com [<mailto:rcummings@myalliancebank.com>]
Sent: Monday, September 27, 2010 8:08 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Roger Cummings
909 E. Stewart Dr.
Rensselaer, IN 47978-3220

September 27, 2010

Comments to FDIC

Dear Comments to FDIC:

By electronic delivery to:
OverdraftComments@fdic.gov

Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429-9990

Re: Overdraft Payment Supervisory Guidance, FIL-47-2010, August 11, 2010

Dear Sir or Madame:

Thank you for the opportunity to submit comments on the proposed guidance on overdraft coverage. Alliance Bank (AB) is a \$263 million bank with 7 offices serving rural markets in NW Indiana. AB along with all community banks have been inundated with regulations and the regulatory burden increases with each change.

We have spent resources both financial and staff resources to comply with the recent changes in the overdraft programs related to new Red DD and Reg E. changes. I strongly oppose the FDIC's proposed guidance (FIL-47-2010) that addresses overdraft coverage programs. Simply put now is not the time to introduce further regulation targeted at overdraft coverage products. Having to rework our bank's deposit products and to accommodate a regulatory moving target does not help my bank serve its customers. Any additional rules should be the result of an inter-agency effort to ensure consistency and fairness in its application for both banks and the customers we serve.

I fear that this proposal will ultimately do a great disservice to my customers, many of which appreciate the assurances that accidental overdraft coverage offers in preventing a bill being returned unpaid or a merchant-imposed fee being levied. If regulatory barriers and requirements become too burdensome, I will be faced with discontinuing these services and returning all check and ACH transactions, exposing my customers to fees far greater than those imposed by my bank.

AB does not manipulate transaction processing to generate more fees and higher revenue. As a small rural bank we are accountable to our communities and its success is dependent on a mutually beneficially relationship with customers. If we engaged in "price-gouging" tactics, we could not do business in our community.

If the FDIC proceeds with adoption of the proposed guidance, please consider the following:

To specifically exempt ad hoc programs from this guidance. Ad hoc overdraft coverage is an extension of my bank's customer service and is based on our knowledge of the individual customer. Including ad hoc overdraft coverage in this guidance would damage the relationship between my bank and its customers.

The elimination of the requirement that banks monitor programs for excessive or chronic use (six overdrafts in a rolling twelve month period) and then contact the customer (in person or via telephone) to discuss less costly alternatives. This mandate would be extremely burdensome and operationally unworkable for my bank and would result in an excessive number of calls, causing us to either discontinue our overdraft coverage program, or to close the customer's account and return all payments. While we have seen substantial reduction in overdraft activity we don't have the resources to monitor and prove we monitor this activity. We already provide information in bank statements as to overdraft fees paid. It will be difficult to reach many customers during banking hours and customers visit offices less frequently.

To eliminate the requirement to set daily thresholds on overdraft fees. We price this fee to manage the associated risk and as a deterrent to encourage consumers to engage in more financially-responsible practices. We cap the daily amount we can collect currently.

To allow banks to charge a fee for returning items paid by check or ACH. Processing return items represent expense and employee attention and should not be provided free of charge.

I urge the FDIC to carefully consider this measure to ensure that the guidance does not impede my bank's ability to provide overdraft coverage services to my customers. If we are forced to abandon or significantly alter these services due to regulatory burden, the result could lead more consumers into becoming unbanked or relying on other products such as prepaid debit cards and check cashing services, which have higher fees and foster unsound financial practices.

Sincerely,
Roger Cummings
219-866-7008