From: ndiepstra@providencebank.com [mailto:ndiepstra@providencebank.com]
Sent: Monday, September 27, 2010 12:08 PM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Nathan Diepstra
466 Spring Road
Elmhurst, IL 60126-3949

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:

Providence Bank operates six branches in the suburbs of Chicago and in northwest Indiana. We are a community bank with approximately $300 million in assets. Our customers rave about the personalized service that we provide and we've never had a complaint about how we handle overdrafts.

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. I disagree with adding another layer of regulatory overhead in an area of banking where competition, the free market and good business practices will dictate the details of how overdraft programs should operate. If our lawmakers and regulatory agencies continue to push detailed and onerous guidelines onto the industry, we will likely be forced to stop honoring overdrafts altogether.

Our bank does not manipulate transaction processing to generate more fees and higher revenue. We are accountable to our customers and we can look them in the eye and explain how our fees are justified by additional labor cost and risk.

If the FDIC proceeds with adoption of the proposed guidance, 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 should be eliminated. 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, increase fees, or to close the customer's account and return all payments.

Further, 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.

Continuing to add to regulatory overhead and mandating the elimination of fee revenues will weaken our industry, impede the ability of community banks to compete, and ultimately result in a reduction in services levels and options for the consumer. Is this what we want?

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,
Nathan Diepstra