

From: dgeis@jcbank.com [<mailto:dgeis@jcbank.com>]  
Sent: Monday, September 27, 2010 3:03 PM  
To: Comments  
Subject: FDIC Proposed Guidance on Overdraft Coverage

David Geis  
125 South Chestnut Street  
Seymour, IN 47274-2301

September 27, 2010

Comments to FDIC

Dear Comments to FDIC:

By electronic delivery to:  
[OverdraftComments@fdic.gov](mailto: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:

I am writing this email to you today to comment on the FDIC's Overdraft Payment Supervisory Guidance above referenced.

I am President/CEO of Jackson County Bank, Seymour Indiana. JCB is a \$375 million community bank located in southcentral Indiana, doing business through 10 branches. Our geographic area is rural but also has a mixture of various types of industry.

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. My bank has just implemented new requirements under Regulation DD (Truth in Savings) and Regulation E (Electronic Fund Transfers) at great expense and manpower. Having to rework our bank's deposit products and to accommodate a regulatory moving target does not help my bank serve its customers.

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.

Lastly, 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, not to mention great inconvenience and likely embarrassment.

My bank does not manipulate transaction processing to generate more fees and higher revenue. My bank is accountable to its community and its success is dependent on a mutually beneficial 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. JCB's experience is that approximately 975 accounts or 12% of the 8,000 accounts are responsible for 80% to 85% of the NSF's that occur. After two months of communications with our customers, nearly 60% have opted in to our overdraft service.

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. JCB already voluntarily sets a daily limit of \$320 and rarely has customers reach this level of daily fees.

Not to prescribe the order of transaction posting. Banks should retain the ability to post transactions in the order they deem appropriate as long as they do not manipulate processing to maximize overdraft fee income. For over a year now, and with formal and multiple notices to our customers, JCB has processed items in the order of high to low and is consistent in this order of processing. This generally results in the most important items being paid first, thereby benefiting our customers.

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. JCB charges the same fee for returning items paid by check or ACH.

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,

David Geis  
812-523-3783