

From: kjaquet@hnbanks.com [<mailto:kjaquet@hnbanks.com>]
Sent: Monday, September 27, 2010 8:38 AM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Kevin Jaquet
PO Box 1107; 150 Shinn Lane
Hannibal, MO 63401-1107

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:

A community bank serving a 6-county region in northeast Missouri offers a service to our customers. In the end, it allows customers to avoid embarrassment of having their payment turned down at the point of sale, whether if paying by check or by electronic method. We work with our customers to provide them a convenience and have evaluated our own risk factors and charge off histories to determine our exposure on this program. The fees we charge are the same as the market normal. Community banks know better than to abuse the public's trust because we live and work in the same communities with our customers and are active members of the community. We would NOT violate the public's trust and to force us to take away this service will cause harm to our market area and our customer base.

Our transaction processing deals with protections for our customers and our bank. Electronic payments are processed first from lowest amount to highest amount and checks are paid in check number order. We do not re-order transactions for any reason. This would be a violation of the trust and faith placed in us by our customer base.

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.

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 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.
[INSERT YOUR BANK'S EXPERIENCE]

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,
Kevin A Jaquet
573-221-0050