

From: larisonb@atlanticcoastbank.net [mailto:larisonb@atlanticcoastbank.net]
Sent: Monday, September 27, 2010 6:43 PM
To: Comments
Subject: FDIC Proposed Guidance on Overdraft Coverage

Robert Larison
12724 Gran Bay Parkway, Suite 150
Jacksonville, FL 32258-9486

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:

At Atlantic Coast Bank, we have offered overdraft services for over 10 years and I can't imagine that if it were a service that customers didn't want that they would continue to bank with us. The recent regulations requiring all customers to opt-in for the service brought GREAT attention to the subject and presented all customers "uninterested" in the services ample opportunity to reconsider and opt-out. Some 50% of our customers opted to do just that, so why would additional regulation be needed when "the people have spoken."

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.

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.

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

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.

As mentioned, contacting the customer in this scenario is not manageable (at a minimum we know this would pertain to at least 10% of our checking customers), we would be forced to either hire numerous staff to make "thousands" of outbound calls full-time, which most calls are not answered anyway, or discontinue our overdraft coverage program which is a disservice to those customers who have just recently chosen consciously to opt-in to the program and ask us to provide them with overdraft services.

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.

At Atlantic Coast Bank, we process highest to lowest, which allows the highest items to be paid first. In our experience the highest amounts are usually the most important (ie: mortgage payment probably more important than cup of coffee), therefore by paying highest to lowest allows the most important items the chance to clear prior to those less important.

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,

Robert J. Larsion, Jr.
904.998.5511