

Comments to FIL-47-2010 dated August 11, 2010
Overdraft Payment Programs and Consumer Protection

After reading the referenced proposed guidelines, I am troubled once again to see the unnecessary burden being placed on the financial institutions.

I agree that banks should make correct and complete disclosures, adequately train staff, and have effective monitoring systems in place for all overdraft programs. However, the very nature of the overdraft program should place some burden on the consumer. Overdraft programs should by design work for the inadvertent overdraft, but it has become a program used by consumers to encourage over spending.

Some of the items recommended, such as the extensive monitoring, are not practical or cost effective. If the overdraft programs end up not being automated this will in turn cause the fees to be increased and those fees would then have to be passed along to the consumers in one form or another.

We also need to consider the costs to the consumer if the overdraft protection programs were not in place. They would have checks returned resulting in a fee by the bank and fees charged by the merchants. If the same check goes through the process the second time there would be additional fees.

Let's encourage the consumer to think smart. Financial Institutions already bear a lot of the burdens that are not placed on other businesses that deal with consumers on a daily basis.

Sincerely,
Louise Rakes
VP & Compliance Officer
Fayette County National Bank
PO Box 209
Fayetteville, WV 25840
304-574-1212
lrakes@fayconatl-bank.com