



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

September 27, 2010

Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429-9990

**Re: Overdraft Payment Programs and Consumer Protection, FIL-47-2010**

Ladies and Gentlemen:

Citizens National Bank of Texas has been serving Ellis County, Texas, for over 142 years and has remained a cornerstone of stability and promise for generations of customers. Although we are 35 miles south of Dallas and Ft. Worth, we have preserved our rural identity and lifestyle as the massive Metroplex population has moved south into our countryside communities. CNB has grown to \$525 million in assets with thirteen branches, and we understand and believe in the philosophy of relationship banking that covers multiple generations. Our commitment to customer service and effective use of automation has been a key contributor to our success. We strive to serve customers at the first point of contact while ensuring a real person is there to assist them, rather than just technology.

Overdraft Protection (ODP), while serving the needs of our customers, has been an integral part of the success we have experienced in automation. Approximately 30% of the bank's customers take advantage of our ODP program. Through the Regulation E opt-in process, 78% of our customers that have experienced an OD in the past 12 months chose to opt-in, and only 3% opted-out before the August 15 deadline. A logical person might surmise that a significant number of our customers were completely aware of the ODP program and its value as well as the cost associated with incurring an overdraft.

Another interesting statistic was the group of customers who originally signed up for ODP had never accessed the service. This group represented approximately 68% of the remaining consumer accounts, and we were able to opt-in 36% of this group. The opt-out percentage was 3% for this group as well.

A statistician might suggest that when the Fed did its survey and analysis of the original ODP guidance, they only took into account the 3% to 5% of the nation that was vigorously complaining to consumer advocacy groups. The banking industry appears to be being beat up by the vocal minority again. Nonetheless, our statistics seem to clearly suggest that consumers were very well informed and evidently made an educated decision this time, just as they did when they originally opened their account.

The bank expended a great deal of time and money to educate our customers on the Regulation E and DD changes and the August 15 deadline and to make sure that all of the negative media and misinformation was dispelled. There were numerous other expenses in operational changes, employee training, and new software in order to properly document compliance requirements to the regulators. We conducted five separate mailings, included opt-in information in two sets of bank statements and posted information on

our website to alert customers to the changes. The bank's Call Center also discussed this with all customers who called into the bank from May to August 15. We tracked our success daily and worked diligently with our staff and customers as any issue or opportunity arose.

From a customer service perspective, the bank saw this as a serious issue that could have had many financial and franchise ramifications if not properly executed. Our customers clearly depend on this service, and the government was mandating that if we did not hear from each and every one of our customers, they would be denied access to overdraft protection. The customer would not be mad at the government when their ATM or debit card was denied, but in turn would be very upset with the bank for not transacting business the way we agreed to originally.

It is apparent to us that the majority of our customers are well informed and have a very good understanding of the ODP system. The disclosure requirements that were in place long before the ODP craze were effective, and consumers, for the most part, were knowledgeable of the details pertaining to overdraft protection. Our bank is extremely customer centric and looks for ways to build customers for life. We have numerous stories where we gained customers for life because we have an ODP program and were able to cover and approve items that were very important to them. Our bank allows customers to make deposits up to 7:00 pm and include it in that day's business. We also have a refund policy of meeting our customers half way when considering refunds. There is no substitute for an employee taking the time to work with a customer and refund charges when they seem to be excessive. However, there are times where customers clearly take advantage of the system, and the charges act as a deterrent.

Americans are all convenience driven and we have built a society of folks that want immediate gratification, even if they don't have the money to pay for it. Our bank strives every day to earn a customer's loyalty by educating them on good money management and the importance of keeping an accurate record of activity on their account. We offer savings sweep accounts and lines of credit, but typically customers find themselves using their overdraft protection to fund their cash crunches.

Today's consumers seem to lack the discipline to save in order to build a reserve fund or a savings account and/or manage their credit properly. At least if they are using a bank's ODP program, there is some level of regulation to keep the consumer from being completely taken advantage of. When a consumer does not have an ODP program, where do you think they end up? Payday lenders, pawn shops and check cashers; all of which have little to no real regulation looking out for the well being of the consumer.

Another key concept, that seems to be completely ignored, is that consumers are expected to know what their balance is in their account before they pay with a check or debit card. In Texas, it is considered check fraud to accept services or merchandise if you know your check or check card is not good. Banks have been providing check registers for decades to help consumers keep track and stay out of harms way. The consumer has more choices and more information than ever before in the history of banking. They have real time access to their account details through online banking, ATMs, emails, SMS alerts and extended banking hours, just to name a few.

I urge the FDIC to look at the bigger picture and take the time to get better informed from bankers like myself who have been in the banking business for generations. I highly suspect other community banks will be able to share similar stories and facts that clearly indicate we are not trying to take advantage of customers through our ODP programs. The majority of consumers understand their relationship and contractual responsibilities, and they really don't need more disclosures or less access to services because of excessive regulatory oversight. The banking industry is one of the most regulated businesses in the world and has been for at least the last 3 decades. We do not need more monitoring with stricter follow up requirements, nor do we need annual Board approval for our ODP programs.

The reality of the present situation is that the current guidance is more than adequate, and if there are banks not being responsible to their customers, then regulators now have the guidelines and power to correct the situation. Please take the time to consider my comments, and if we can provide additional details, we would be glad to help.

Thank you for your attention to this matter.

Marvin "Mark" E. Singleton, III  
President & CEO  
Citizens National Bank of Texas