

Comments on FIL-47-2010

Dated: August 11, 2010

Overdraft Payment Programs and Consumer Protection  
Supervisory Guidance

Ladies and Gentlemen:

I appreciate the opportunity to respond to the proposed Federal Deposit Insurance Corporation (FDIC) Financial Institution Letter (FIL) expressing the requirements for management and oversight of automated overdraft protection programs.

Issuing further guidance on Regulation E will further complicate and confuse both the consumer and management of a financial institution. Consumers want and expect their transactions to be paid. Due to regulations the failure to do so will greatly impact the economic condition of this country in a negative way.

Financial Institutions already have to monitor excessive overdrafts and limit the number of days that a consumer can be overdrawn. With the implementation of new regulation changes to Regulation DD, Financial Institutions have to report overdraft fees paid by the consumer on periodic statements. Limiting the number of overdrafts will further complicate and confuse the consumers and the financial institutions. The proposed guidance is written in such a way that it is at the discretion of the examiner, and every examiner can have a different perspective.

As the American Bankers Association cited in their response, financial institutions should not be required to suspend overdraft protection services, to take away debit card privileges, or to close an account based on an arbitrary regulatory standard that is contrary to customer choices and customers should not be denied services they understand, want and need.

Financial institutions should be allowed to continue to provide these services to consumers at the financial institutions discretion. Overdraft protection is a service. Consumers expect to pay for a service.

Should this proposed guidance be approved the regulatory requirements will impose a significant cost and burden on the financial institution and will provide no benefit to the consumer.

Thank you for the opportunity to respond to the proposed guidance requiring management to provide additional oversight and monitoring to automated overdraft programs.

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