

From: Bank of Central Florida, Cheryl Nakashige
Subject: Electronic Fund Transfers

Comments:

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Name: Cheryl Nakashige

Affiliation: Bank of Central Florida

Category of Affiliation: Commercial

Address:

City:

State:

Country:

Zip:

PostalCode:

Comments:

Thank you for your consideration of our Bank's comments on the proposal for changes to Regulation E concerning overdraft programs (Docket #R-1343). The proposal appears to be written as if every depository institution has an overdraft program (ODP) in place and will need to comply with the revised rules when finalized. Our Bank does not currently have an ODP in place but will pay overdrafts on a case-by-case basis. Furthermore, if there are insufficient funds in an account when a PIN-based ATM or POS transaction occurs, the transaction will be declined and no overdraft fee is assessed for this particular transaction. If the transaction happens to be signature-based and there are enough funds in the account, the transaction will be approved. Ordinarily, this transaction may not settle until two days later. If at that time there are insufficient funds in the account (checks written have since cleared), the Bank does not charge an overdraft fee for the POS transaction. Our Bank's core processor has a control in place to prevent this type of fee. As stated previously, the preamble to the proposal does not address those institutions not assessing overdraft fees for ATM and POS transactions. The only place where this was even minutely mentioned was in Section IV of the Initial Regulatory Flexibility Analysis. It states, in part, that "The Board is aware that some small institutions do not pay overdrafts at ATMs or for one-time debit card transactions. These institutions would not be subject to the proposed opt-out (or opt-in) requirements." Do you mean "charge overdrafts" rather than "pay overdrafts?" This needs to be emphasized elsewhere in the actual proposal rather than hidden in some obscure place. There are probably hundreds or even thousands of other financial institutions who do not charge for overdrafts on ATM or POS transactions. The final regulation should contain clear and prominent language that the rule does not apply to those institutions who do not charge overdraft fees for ATM and POS transactions. I don't believe the proposal is intended for financial institutions to begin offering ODP when they have not had them in place in the past. The way the proposal is written it would appear that all institutions have an ODP and must comply with the new rule, which is not the case (emphasis added). In reviewing other comments from a limited number of financial institutions, it would behoove the Federal

Reserve to fully understand the technological implications and how the proposal will impact any necessary changes that may be required. The Federal Reserve should understand how ATM and POS transactions are processed and whether institutions can even comply with some of the proposed rules since the software to do so may not be available. Interviews should be done with the industry that processes these types of transactions to deem if rule changes can even be accommodated. Finally, please consider the undue regulatory burden this new rule will have on the banking industry. The Federal Reserve estimates that the total estimated annual burden for all financial institutions subject to Regulation E would be approximately 1,041,011 hours!Regulatory changes have been occurring at an unprecedented pace in the past year. Please give us a break and not implement this proposal too! Thank you for your consideration of these comments.