

From: Lori L. Kelley, Independence, KS

Subject: Electronic Fund Transfers

Comments:

Debit card transactions have 2 steps, the authorization and when it actually clears.

The problem with this regulation is that checks may clear between the time a debit card transaction is authorized and when it actually hits the customer's account. So when the debit card transaction hits the customer's account, it overdraws them and assesses a fee. If debit card transactions were always cleared immediately, it would have been the check that actually overdrawed the customer. We cannot control how debit card transactions clear.

Also, debit card transactions are not returnable. We HAVE to pay ALL of them regardless of the customer's situation or balance once they are authorized. Just because of a timing difference on what clears first, the bank should not be penalized or lose income for the service. The overdraft fee is simply a charge for a service.

Our system is set to prevent debit card authorizations when the customer's account isn't positive; however, if our system is down and balance verifications are unavailable, the system will give customers up to \$250 a day as a courtesy (which is important especially for traveling customers who do not use checks). The majority of customers have money in their account; we make rules for the majority, not the exceptions. There are times when the system is down and transactions are authorized which overdraw the customer.

If you have any questions or would like additional information or examples, I'd be glad to supply them.

Lori L. Kelley
VP & Sr. Operations Officer
First Federal
P.O. Box 947
Independence, KS 67301