From: Mechnkanics Cooperative Bank, Deborah Grimes

Subject: Electronic Fund Transfers

Comments:

To Whom it May Concern:

Below, please find our response/comments regarding Docket Number R-1343.

1. Our experience demonstrates that consumers overwhelmingly appreciate overdraft services and are willing to pay for those services, provided that such services are properly disclosed and consumers are allowed to opt-out.

2. In many places the Proposal ignores the notion that overdraft services are just that: services. While traditional credit agreements are driven by interest rate calculations and repayment terms, we believe that analyzing those two factors without placing them in the broader context of overdraft services ignores and minimizes their true value to consumers.

Our customer experiences consistently reinforce the fact that they value the convenience offered by overdraft protection services, and that they are willing to pay a fee for that convenience, no one enjoys paying it, but given the alternatives, it is the best and most convenient option. While the Board analyzes overdraft services in terms of costs, consumers view overdraft services in terms of value.

3. Financial institutions'' overdraft payment services are better for consumers than other alternatives. Unlike short-term loan providers, overdraft service providers do not require a car title or other valuable consumer goods as collateral. And unlike deferred presentment programs (which might rely on a bad check as collateral anyway), overdrafts cannot be "rolled over" for weeks on end because it would be an unsafe and unsound banking practice.

4. We agree that the notices used to inform consumers of their right to opt out should carry a certain degree of uniformity. However, we believe the benefits offered by other provisions in the Proposal, such as the partial opt-out provision, and any opt-in provision, are outweighed by their compliance costs and the reduction of consumer understanding (and service) that will undoubtedly follow. Therefore, we request that the Agencies adopt the provisions of the proposed amendments that would create a substantive right for consumers to completely opt out of their financial institution''s discretionary overdraft payment service.

5. Finally, with respect to the timing of the effective date of the final rules - and unless the Board substantively agrees with Strunk & Associates'' recommendations - substantial technical changes will be required, and financial institutions must undertake a massive consumer education campaign. We believe financial institutions and their service providers will need at least the same amount of time (18 months) the Board allowed for the recent changes to credit card rules under Regulation A. However, in this case, we believe that up to 24 months will be needed; especially for small- to mid-sized institutions.

Please feel free to contact me at 508-692-6080 if you have any further questions or concerns.

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