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Subject: Electronic Fund Transfers

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Comments:

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Comments on the proposed Changes to Regulation E Docket R-1343 General requirement: 1. To give a notice of choice to not have overdrafts paid on ATM withdrawals and one-time debit card transactions: Choices to customer of Opt In or Opt Out -The bank is not able to distinguish between paying a debit card/POS transaction and a check or ACH transaction. Therefore, if a customer "Opts Out" of having overdrafts on debit card & ATM transactions with subsequent charges, we feel our only option is to remove the Overdraft Privilege from the account for all transactions. Our processing software is not capable of distinguishing between offering ODP on certain transactions; it is just across the board. Not only will our processing system distinguish between denying electronic transactions but paying all others into an overdraft status, banks are liable if they pay POS or ATM transactions, as these items cannot be returned once they are authorized. We would not want the liability of paying them over without compensation or have the right to return them. Regarding ATM transactions, the customers of our bank already have an option to "opt out" when they are at the ATM if the funds are not available. It is not feasible to do this with a debit card transaction. Therefore, we agree that the customer should have the choice of whether or not to pay their account into an overdrawn status, but this should be for all transactions and not just POS and ATM. They will receive the charge for the items that are presented regardless if the items are paid or returned. This discretionary service has been well accepted in our bank, and customers appreciate being able to use their debit card without the fear and embarrassment of having it rejected. 2. Debit card holds Commercial Bank's procedures are to not charge an overdraft fee simply because of a hold connected to debit card transactions. Our policy is to refund any charges if this is the case. 3. Recurring debit card transactions We cannot distinguish between recurring debit card transactions (e.g. preauthorized transactions for bill-payments) and one-time debit card transactions. We could not return the transaction because it is a debit card transaction, so we would have to pay it over with no compensation for doing so. 4. Exceptions to prohibition against charging overdraft fee for those who have opted out. a) Quite often the bank has a reasonable belief that there are

sufficient funds available in the account at the time the bank authorizes the transaction, especially over the weekends. This would be difficult and time consuming to track down, and know who can be charged and who cannot be charged. b) Debit card transactions being presented through paper-based means. I'm not sure this has been experienced by our bank, and that we would know that it is a POS transaction. We have transactions clear for an amount more than the preauthorization. Amounts for \$1.00 or less are preauthorized, and transactions for substantially more clear the account. This should be addressed by the card sponsors, Visa and MasterCard! If we cannot charge a fee in these cases, it is unfair to the financial institution. Conclusion: Customers are used to being able to do an electronic transactions (debit card/ATM transaction, bill payment) and be confident that the transaction will not be denied. What about the customer who is at the grocery cashier and they use their debit card to pay for the transaction, and it is denied because they have Opted Out of overdrawing their account and being charged. The problem may only be a small error in their bank balance causing the transaction to be denied. They don't have their checks with them or cash to pay for the items, what are they going to do? We feel like we are offering customers a service by giving them Overdraft Privilege, and that we should be compensated accordingly for this service.

Shirley A Chalker