

From: New Tripoli Bank, Gail Rassler

Subject: Electronic Fund Transfers

Comments:

I appreciate the opportunity to comment on the proposed amendments to Regulation E pertaining to discretionary overdraft services. I share the Board's concerns with the practices of some financial institutions which may have misled consumers with respect to the true nature of the discretionary overdraft protection services. I agree with many of the provisions of the Proposal, but have concerns about some of the specifics. I hope my comments will be useful.

I support the provisions in the Proposal that would increase disclosure of overdraft programs. I also support most of the Proposal's opt-out provisions. Since our Bank's experience has been that there is no consumer demand for an opt-in requirement, I believe an opt-in requirement would impose an unnecessary administrative burden, and high costs, on our bank without adding any offsetting value for our customers.

A partial opt-out approach for ATM withdrawals and one-time debit card transactions is unworkable. Not only is it confusing and difficult to remember, it adds compliance burdens and substantial technology development costs. Many institutions lack the technology to implement a partial opt-out regime and may find overdraft programs feasible only if they are able to offer them as an all-or-nothing service. If an institution cannot offer overdraft services in a way that is technologically (and economically) feasible, that institution may be compelled to cease its overdraft program, and it may lose customers to other institutions offering overdraft services. In most cases, such customers would gravitate toward larger institutions capable of gaining a competitive advantage in this area through technological economies of scale. Allowing financial institutions to offer overdraft protection services on an all-or-nothing basis would be more practical for consumers and financial institutions, especially small- and mid-sized institutions.

I support the Proposal's reasonable-belief exception and two-hour safe harbor rule, but I believe that implementing the necessary technology to comply with the complicated safe harbor rule will be very expensive, especially for small- and mid-sized institutions. The new rule should not take effect for at least two years, so that our bank can purchase, implement and test the appropriate information systems.

As an employee of a community bank, I hope my comments were helpful and thank you for your consideration of my comments.

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