

**From:** "Christy Simonsen" <csimonsen@bbok.com> on 07/31/2008 10:05:08 AM

**Subject:** Truth in Lending - Version 2

**RE:** Proposed Rules Regarding Credit Card Services

We appreciate the opportunity to provide comments on the proposed rules regarding credit card services. Bankers' Bank of Kansas is a correspondent bank providing cash letter settlement, electronic banking, lending, and bankcard services to over 200 banks in the state of Kansas. Our customers are community banks of various sizes, from 20 million in assets to over 2 billion in assets.

**Docket No. R-1286: Credit Card Services; Reg Z**

Timing of Payment. The proposed 21 days before considering a payment late is a reasonable request; however it seems an unnecessary change when industry standard includes just 1 day less (20 days). Issuers who have a 20 day billing cycle will be faced with system changes, disclosure changes, and re-training. All involve additional costs and resources. We use 25 days from the closing date of the statement before a payment is considered late. This change would not affect us directly, but seems to bring unnecessary costs for only 1 day of additional time for cardholders to make payment.

Due Dates for Mailed Payments. The proposed requirement to post all mailed payments received as late as 5:00 p.m. on the due date (or if the due date falls on a Sunday or holiday, consider payment as of the next business day as timely), would present some operational challenges.

Payment due dates are clearly disclosed on cardholder statements and online. Cardholders have many methods available for making payment to their account including:

- mailing the payment to the processing center
- mailing payment to our post office box
- hand carrying the payment to their bank or our location
- calling us to make payment by phone
- making payment on the Internet
- setting their account up for automatic payment via ACH

There are so many options for making payment timely, it seems unnecessary to extend the time of day requirement. Is the concern really more aimed at issuers who charge hefty late fees and bump the cardholder into default pricing upon the first instance of a late payment? These practices seem deceptive and can make a cardholder feel a loss of control; however, they do retain control of when they make their payment. There is always the option to set up automatic payment for the minimum amount to ensure payment is received timely. The cardholder could then pay any extra amount via

whatever method and timeframe suits their budget. For those unable to use automatic payment, the cardholder has the ability to schedule their payment in advance of the due date online to ensure it occurs on the due date. Additionally, the cardholder can call us to make payment on the due date. General practice is to post payments the same day for calls received on the actual due date after the cutoff time.

Our post office box is ready for pickup after 10:00 a.m. each day. We receive these payments by 11:00 and post them the same day unless received on a Saturday. In this case the payments are picked up and posted the following business day. If a cardholder incurs a late fee, we are receptive to phone calls requesting a courtesy removal; however, only for those who don't abuse it.

Cutoff times for other payment methods are determined based on the process for posting each payment method. Our office is open until 5:00 each business day. Should this requirement go into effect we will have to consider additions to staff and shifting our business hours to support the change. It is likely those customers who have trouble meeting their current due date will continue to have trouble meeting the due date if the posting cutoff time is extended.

#### Credit Card Holds

The proposed requirement prohibiting banks from placing over-the-limit fees based on merchant authorizations would pose extreme challenges as we do not have information on actual sale amounts until they post to the account.

Our overlimit fee is charged only when the cardholder is over the credit limit on the billing cycle closing date. The cardholder has the ability to monitor the account balance (on the internet, by phone, by tracking purchases) and make payment anytime during the billing cycle. These practices would prevent an overlimit fee from ever being charged.

Thank you for considering our comments on the proposed rules regarding credit card services. As a correspondent bank supporting many community banks, we recognize the importance of having processes that result in a strong customer experience. The changes proposed will result in the need for systems, process, resource, and staffing changes involving not only the direct issuer, but their processor and other service partners. These changes take time and increase overall costs.

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