

Subject: Regulation AA

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Comments:

Dear Ms. Johnson: Thank you for the opportunity to comment on the May 2008 Proposed Amendments to Regulation AA. I would like to focus my comments on the consumer's right to opt out of overdraft protection services. Though in principle Capaha Bank supports this right (and currently allows our customers to discontinue this service at any time), we are concerned that the timing issues are burdensome and require too much information to be thrust upon the customer. Instead of requiring a detailed opt-out notice to be sent with every periodic statement, we feel that a notice at account opening, with subsequent notices sent no more frequently than annually would be sufficient. Besides being costly, these notices would probably be an information overload for the customer, and rarely read. Additionally, the partial opt-out would allow customers to retain overdraft protection services for only ACH transactions and checks, but would allow them to decline this service for other types of transactions, such as "ATM withdrawals" and "POS debit card transactions". The proposed regulation is not clear as to whether or not other ATM transactions are covered. Also, consumers will think that exercising a partial opt-out will mean that they will not be charged any NSF or overdraft fees. It is

confusing to the consumer. Technically, it would also be very difficult for banks to implement. The proposal would also forbid banks from charging an overdraft fee for overdrafts that result from debit holds, unless the amount of the actual purchase amount for which the hold was issued would have caused the overdraft. This does not seem like a reasonable suggestion for the following reasons: 1) Funds with a hold them must be treated as "unavailable" 2) There is no way to control what amounts merchants put through as "unauthorized" 3) Financial Institutions do not have the technology to do a comprehensive and retroactive overdraft analysis to properly assess a fee under this proposal. Putting burdensome and restrictive regulations on financial institutions regarding their overdraft protection service (and it is a service to those who choose to use it) may eventually cause banks to discontinue this type of program. Most customers considered overdraft protection as a convenience and are glad to pay for a service that will save them the embarrassment and additional charges of a returned debit transaction. Thank you for your consideration of these comments. Stephanie Gibson Vice President and Compliance Officer Capaha Bank, SB