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August 4, 2008 Jennifer J. Johnson Secretary, Board of Governors of the Federal Reserve System 20th St. and Constitution Avenue, NW Washington, DC 20551 RE: Proposed Rules for Unfair or Deceptive Acts or Practices Dear Ms. Johnson, This is to express Jeff Davis Bank & Trust Company's serious concern that the proposed rules on unfair or deceptive acts or practices with respect to deposit account overdrafts will have a significant adverse effect on our institution and will not provide additional benefits to our customers. In the past, federal agency guidance and regulatory changes have helped to improve our overdraft service as an important service to our account holders. In light of the positive impact of these prior regulatory changes, and our concern about the current proposals, we appreciate this opportunity to provide comment on these proposals. Proposed Changes to Reg AA Subpart D – Overdraft Service Practices (or Proposed Changes to 12 CFR Part 535 Subpart D – Overdraft Services) § 535.32 Unfair overdraft service practices. (or § 706.32 Unfair practices involving overdraft services.) (a) Opt-out requirement. (1) General rule. In addition to an overdraft privilege program, Jeff Davis Bank & Trust Company offers overdraft options that include overdraft lines of credit and automatic transfers (sweeps) between

accounts to cover overdraft items. We already offer a total opt-out provision without the burdensome exercise described in the proposed rules. Overdraft privilege programs merely automated a process that already existed in almost every community bank in this country. The implementation of the overdraft privilege program has greatly reduced the subjective nature of the process and made the process more consistent. The absence of an overdraft privilege program does not stop the assessment of overdraft fees, in fact, in many cases, overdraft fees could increase due to checks being returned. The fees that our bank charges a customer is not a fee for utilizing the overdraft privilege program or for paying an item. It is a non-sufficient funds fee charged because the customer has overdrawn their account. The proposals appear to attempt to address concerns about service fees associated with overdraft privilege programs in which customers are enrolled and encouraged to utilize. In contrast, our fees are the consequence of presenting an item on non-sufficient funds, not utilizing the overdraft privilege program. (2) Opt out for electronic channels. While we offer consumers the ability to opt out of the payment of overdraft fees for all types of payments as a matter of consumer choice, we do not see why the offering or the failure to offer an opt out for the payment of overdrafts due to checks or ACH transactions where the charge for returning the transaction would be equal to or higher than the charge for paying the overdraft is in any way unfair or deceptive. The consumer is simply not harmed by the payment of the overdraft. Indeed failure to pay the overdraft would ordinarily result in greater costs to the consumer. The proposal for a partial opt-out for electronic channels is not technically feasible under our processing system. Furthermore, we cannot differentiate debit card point-of-sale transactions from debit card recurring payment transactions, which would ultimately be a disservice to our customers. In conclusion, Jeff Davis Bank & Trust Company offers an overdraft privilege program as a helpful service to our customers, not as a harmful practice. It is our position that the proposed rules would add no additional value to the customer, but in fact may be more harmful to the customer. Thank you for the opportunity to comment. We are adamantly opposed to the proposed regulations. Very truly yours,
Paul E. Brummett, II Executive Vice President, Branch Operations
Jeff Davis Bank & Trust Company