

From: Karen M Neeley
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Comments:

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Name: Karen M Neeley
Affiliation:
Category of Affiliation:
Address:
City:
State:
Country:
Zip:
PostalCode:

Comments:

The following supplemental comment is provided on behalf of International Bancshares, a Texas based financial holding company: It is critical that the "opt out" be handled on a bundled (or "all or nothing") basis. The cost of programming and managing opt out by delivery channel would significantly increase the cost of overdraft protection services. With regard to this cost/benefit analysis, we would offer the following observations on behalf of International Bancshares. The overdraft courtesy program offered by IBC banks permits the banks to bundle a wide array of services and provide them at no charge to the customer. Based on bank data, it appears that the cost of overdraft courtesy on average is approximately \$283 per year. In exchange for this \$283, the customer has its inadvertent overdrafts covered. Obviously, some customers pay more and some customers less. This is the average. However, all customers then receive the benefit of the bundled services which include free checking account with no monthly maintenance or service fees, free on-line bill-pay, free on-line banking, free ATM services, free voice response service and free debit cards. The average annual value of these is \$540.60. Since initiating this bundled product in 1998 led by the free checking account, IBC's new customers have chosen this product over 80% of the time when opening a new account. The bundled package is the overwhelming choice of IBC's new customers consistently for the past 10 years. The free debit card also permits IBC customers, many of whom travel to Mexico, to have inexpensive foreign exchange through the payment system. Most of the IBC customers live along the Texas-Mexico border. Thus, this is an important additional service. Perhaps most significantly, the free checking account product has allowed the bank to bring traditional banking services to individuals who are previously unbanked or underbanked. In turn, this allows those new bank customers to avoid the extremely high fees of check cashers and pay-day lenders. The services provided and the annual savings represented by the bundling is listed below. Furthermore, the same fee is assessed by an IBC Bank whether the item is paid

or returned. Thus, including paper items in the bundling of the opt out should not represent a differential in bank fees although there clearly are other consequences (such as dealing with a hot check with prosecutors and merchants). In short, the free checking with overdraft protection is clearly preferred by customers and generally makes economic sense. A system that significantly increases the cost of providing overdraft protection by requiring expensive programming and processing would make it infeasible for the bank to continue to offer free services to so many of its customers. Ultimately, the fees for banking services would likely increase to match the increased cost of the program.

Service

Annual Savings - Free Check	
Card	\$ 36 - Free ATM
transactions	12 - Free Bill Pay
Free	119 - Online
Banking	119 - Free
Quicken Download	39 - Free IBC
VOICE	24 - Free Check
Images	24 - Free
Electronic Statements	24 - Free Mobile
Banking	35.40 - Service Charge Free
Accounts	107.40 - TOTAL FREE
SERVICES	\$540.60