From: Lori Graham

Subject: Electronic Fund Transfers

Comments:

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, northwest
Washington DC 2 0 5 5 1

March 24, 2009

RE: Regulation E; Docket No. R-1343

Dear Governors of the Federal Reserve System:

Thank you for the opportunity to comment on the proposed revisions to Regulation E.

Requiring customers to "opt-in" or "opt-out" of payment of items that overdraft their account, especially a partial opt-in or opt-out, will cause undue financial and regulatory burden on small to mid-size Community Banks. Responsible Community Banks already allow a customer to completely "opt-out" of an Overdraft Privilege Program if that is their choice.

I realize that there is concern that many consumers do not read information sent from their bank and that is a reason cited in favor of the "opt-in" program. That is exactly the reason I am citing as why we need the "opt -out" plan. Customers have become accustomed to having their overdrafts paid for several years and to suddenly change this unless they formally "opt-in" will cause confusion and resentment among many customers, especially when they have been embarrassed with a declined transaction that would have been approved in the past.

Additionally, to permit customers to choose a "partial opt-in or out" will be confusing to the average consumer. Testing has shown that consumers have difficulty discerning which transactions will be paid and which will not in a partial in or out scenario.

A partial "opt-in" or "opt-out" program will be prohibitively expensive to the bank and require major core systems changes that will require extensive time to implement. If the portions of the proposed changes regarding debit holds remain in the regulation, the costs to implement will escalate even higher as will the confusion on the part of the consumer. Banks will need at least two years to implement and test a partial "opt-in" or "opt-out" scenario, especially with the debit hold provisions.

Is implementing such a costly regulation good for the consumer? Many people forget that banks are for-profit businesses. For-profit businesses build in the cost of doing business into the pricing of their products or services. This means that a regulation that is costly to implement will ultimately be passed along to the very consumers that this regulation is intending to protect. In order to keep costs down for the consumer, a complete "opt-out" would be the best option for both the consumer as well as the financial services industry while still giving the consumer a choice of whether or not to utilize this bank service.

After reading many of the comments posted by consumers on the Federal Reserve website it is obvious to me that many of the consumers believe that an "opt-in" program will prevent them from EVER incurring overdraft fees if they choose to not "opt-in", nothing could be farther from the truth. I frequently encounter customers who do not grasp the concept of a Privacy "opt-out", let alone the complexities of a partial overdraft privilege program "opt- in" or "opt- out". These same consumers will not comprehend what a partial "opt-out" or "opt-in" really means and trying to help some consumers understand will be a Herculean task. They will truly believe that they are opting to NEVER INCUR OVERDRAFT FEES AGAIN regardless of how they manage their account. A partial "opt-in" or "opt-put" scenario will not be a consumer-friendly regulatory change, especially with the debit hold provisions.

A large percentage of customers never overdraw their account. I do not feel that they should have to bear the burden of higher banking costs associated with complicated increased regulation because a small percentage of customers choose to manage their finances irresponsibly.

A complete "opt-out" is the fairest option to ALL consumers and the banking industry.

Respectfully submitted for your consideration,
Lori A Graham