

Florence Savings Bank
85 Main Street, Florence, MA 01062

March 22, 2009

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Ref. Regulation E
Docket No. R-1343

Dear Secretary Johnson:

Thank you for the opportunity to comment on the proposed rule to amend Regulation E and the Official Staff Commentary as published in the Federal Register on January 29, 2009. Florence Savings Bank is an insured state nonmember bank located in Florence, Massachusetts. The bank has assets of approximately \$1.1 billion and has offered overdraft protection services on a discretionary basis for a little more than 5 years.

By far, the majority of our customers appreciate the added protection offered by the overdraft service options provided by the bank. The overdraft protection service saves customers the embarrassment of rejected and returned items, as well as additional fees charged by merchants for check returns.

We currently notify our customers when they are automatically enrolled in our overdraft protection service. This notification allows customers to opt-out of the service if they so choose. We promptly honor the requests of any consumers who choose to opt-out of the overdraft protection service.

The proposal addresses a customer's choice to opt-out of or opt-in to some, but not all EFT transactions. The proposed "partial" options are very complex. Changes to systems and technology would likely take considerable time and expense to implement, if they are feasible at all. Additionally, the rules as proposed would be extremely difficult to convey in a manner that a reasonable person could readily understand.

We strongly encourage adoption of an "all-or-nothing" opt-out rather than a "partial" opt-out for overdraft protection services, due to the complexity of the proposed "partial" opt-out and the significant technological restraints our bank would encounter in attempting to implement the proposal. The opt-out is preferred over the opt-in, as the opt-in simply adds another layer of administrative paperwork and increased costs for a service which most customers prefer as a matter of course.

While the proposed safe harbor provisions are well intended, they open the door to the potential for increased disputes and litigation. The current overdraft protection service is a basic service and is a fairly simple service. This proposal would negate those positive characteristics.

In conclusion, we encourage the federal banking agencies to revisit the *Joint Guidance on Overdraft Protection Programs* issued by the federal banking agencies in

2005, and update and revise the *Guidance* to include "best practices" as well as the minimum standards expected by the agencies.

Again, thank you for the opportunity to comment on this proposal.

Sincerely,

Margaret M. Murray, Vice President
Florence Savings Bank
85 Main Street
Florence, MA 01062