

From: Larry D. Peterson, Moose Lake, MN
Subject: Electronic Fund Transfers

Comments:

Date: Mar 23, 2009

Proposal: Regulation E - Electronic Fund Transfers
Document ID: R-1343
Document Version: 1
Release Date: 12/18/2008
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March 23, 2009 Ms. Jennifer J. Johnson, Secretary Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue, N.W. Washington, D.C. 20551 Re: Docket No. R-1343 Dear Ms. Johnson: We are submitting our comments in response to the notice of a Proposed Rule regarding the ability of our bank to assess a fee for paying automated teller machine (ATM) withdrawals and one time debit card transactions that overdraw a customer's account. We assess a small NSF/Overdraft Fee when an item is presented against insufficient funds and feel it is well justified. These items are rejected from the typical electronic payment process and are required to be handled manually. Each item is reviewed and customers are contacted. In most cases we pay the item, assuming additional liability that we will ever collect the amount of overdraft. In the Proposed Rule, ATM withdrawals and one time debit card transactions would be treated differently. I can see no logical basis for this. As a matter of fact, it is counter intuitive. We cannot return an electronic withdrawal initiated by an ATM withdrawal or debit card transaction. Under the proposed Rule we are for some reason expected to absorb the liability of the overdraft amount and the time and expense handling the item for these types of items and not others. At least with other items we have the option of returning them. It is not financially feasible for a bank our size to process these transactions on a "real time" basis or even send balance files to the processor. Therefore, every ATM or debit card transaction our customer makes will be submitted to us and we do not have the ability to reject or return the item even if the customer knowingly makes the transaction without sufficient funds. It is my opinion that under the Proposed Rule we would be prohibited from charging a fee. I say that because no reasonable person would opt in and not opt out of paying for this service. We would opt out of paying our heat and electric bill if we were given the opportunity. In summary, we are totally opposed to the proposed Rule and cannot understand why you have carved out these transactions for fee prohibitions when they carry more risk to the Bank than someone who simply writes a check. Thank you for the opportunity to comment. Sincerely, Larry D. Peterson President