

From: Sara Richardson [<mailto:sara@heritagebankozarks.com>]
Sent: Monday, September 27, 2010 12:55 PM
To: Overdraft Comments
Cc: Sara Richardson
Subject: Response to FDIC FIL-47-2010, Overdraft Payment Programs and Consumer Protection
Importance: High

To Whom It May Concern:

My Institution serves a small community of about 12,000 in Southern Missouri. We opened as a new bank in September 2003. We did not originally offer an overdraft program. At the time I was in a position that opened nearly all of our new accounts. I was asked over and over if we had overdraft protection. I would tell them no, but we did look at it on a case by case basis. We were always aware that we needed to have excellent customer service to be considered a threat to the other community and mega-banks in our area. So, we would pay attention to the small dollar overdrafts and assess fairly if a charge was appropriate or not. Now that we do offer an Overdraft Protection product we still have the same set of values when reviewing the accountholders with non-sufficient funds each day.

When we were required to allow customers to Opt-in to the overdraft services for their one time debit and ATM transactions we were fearful that customers would not understand what their choices truly were. We took approved verbiage to try not to steer the customer to a choice that would benefit the bank. We wanted them to feel educated about having choices, but they weren't. We had such a small response from direct mailing it was a huge waste of resources. We had to call customers directly to explain what the regulation changes would mean to them if they did nothing versus opting-in. Once the customers were educated they were able to make a decision on a product that nearly all customers want to have access to, in case of an emergency. A large number of customers have never used the overdraft protection but want the access anyway. We have just over 1000 accounts eligible for this choice. 19% have not given us a decision. They did not get back with us or we have not been able to reach them by phone. 24% Opted out of the service on their one time debit and ATM card transactions. 57% Opted in for the service on their card transactions. I believe this shows the value our customers place on having it available.

The efforts will be ongoing to reach out to the remaining 19% of accounts that may not understand what their choices are. We will not do mass mailing again due to the lack of response that gets. We will have to go the more expensive route to make sure the customer speaks to an employee who can explain it and answer all their questions. Education is the key and everyone learns differently. We want to make sure that if they don't understand the first time we give them every opportunity to learn the next time we get to visit.

After the length of time necessary to get to this point we urge you to not impose more regulation that will make this sensitive issue even more confusing, and potentially embarrassing, for the consumers. A rolling 12 month allowance for 6 overdrafts is simply not appropriate. We do educate our customers about responsible money management and how to lower the number of fees paid if they know they are going to have to use it. A vast majority of customers know they are using overdraft protection or know they are cutting their finances close and so are not surprised when the overdraft notice appears. It's a service with a fee and they know that. To add to the burden of the education we already place on our own shoulders with required tracking is not making consumers be responsible for their own actions. Personal Finance courses are now required for the young. That leaves a large group of people without the proper knowledge, I agree. But this isn't the answer as it would apply to the whole rather than the minority of accountholders who need the education and willpower to know when enough spending is enough.

With all due respect and sincerity,

Sara E. Richardson
Vice President
Operations

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