

From: "Dave McBeath" <dmcbeath@cnbnetbank.com> on 06/02/2004 05:01:24 PM
Subject: Docket No. OP-1196

Dear Board of Governors,

Thank you for the opportunity to comment on the adequacy of existing disclosures of debit card fees. For your reference I am Executive Vice President of Citizens National Bank, Springfield, Missouri, a locally owned community bank with assets of approximately \$225 million, and am one of the founders of the bank when it was chartered in 1989. Like many other community banks in recent years, our bank was started as a result of big bank mergers in our marketplace and our desire to provide banking in a different and hopefully more personalized way.

Over the 25 years I have been in the banking industry I have watched the regulatory burden, particularly as it relates to "consumer protection," continue to grow at what seems to be a never-ending pace. I know the Federal Reserve is well aware of the regulatory burden and the ongoing costs associated with compliance for all banks, but the heavy burden on community banks can not be over-emphasized. While I can agree the some legislation is needed (typically it has resulted because of the abuses of a few) I can honestly say that I believe that pendulum has swung too far the other way. It appears that we have come to the point where we try to legislate too much.

With regard to this specific request for comment, the Federal Reserve press release indicates that there is concern that "consumers" may not be aware of various fees. I have to question whether there is that much concern from "consumers" or whether this issue is being driven more by the consumer advocacy groups. While I realize these groups represent consumers per se, there certainly has not been any huge outcry in our area relative to inadequate disclosures. Our bank does not currently charge for "PIN" based transactions, nor am I aware that any of my competitors do either. I doubt if any of the local community banks are considering this, especially in light of the industry movement toward electronic transactions and the reduced cost to banks for this type of transaction versus a paper check. I suppose that some of the large banks with a national presence may be charging this type of fee, however the marketplace and competition will resolve this issue if it's out of line or not competitive.

My experience with the various regulations that attempt to protect the consumer, whether it is Reg E, Reg CC, Reg DD or even Reg Z to name just a few, is that the disclosures end up being so complex and lengthy that the average consumer does not have the time, or desire, to adequately review and understand what they are receiving. If any of you have purchased or refinanced a home loan recently I think you'll understand what I'm talking about. The bottom line is you better trust who you're dealing with because there's too much paperwork to decipher. The same holds true for other type disclosures, including Reg E. In fact, I would say that most customers opening a new account don't even bother to read all the documents they're given for regulatory disclosure reasons. Please don't interpret this as me being opposed to some disclosure. I certainly agree that some is necessary - we have just kept piling it up so much that it has become meaningless to most customers due to the volume.

With respect to the potential for additional disclosures at account opening, I would adamantly oppose it. I feel even more strongly that we don't need additional requirements relative to the periodic disclosures required on

account statements. I honestly believe that additional disclosures will not add any real value to consumer protection - it will be just one more item that is added to the paperwork they receive that most customers choose to not read anyway. As a community bank trying to provide our customers with personal service at a fair and competitive price, we need less regulation not more. In the long run the marketplace will sort out those that are deceptive in their fees, and will reward banks that treat the consumer fairly, and will do this much more effectively than a few more lines on an account disclosure.

Like most other bankers I've sat back over the years and commented on few proposals, typically using the excuse that I'm too busy, etc. However I guess this is the proverbial "straw that broke the camel's back." In your final analysis of this proposal I would ask that each of you ask yourselves this simple question - will added disclosure truly benefit the consumer? Ask yourselves the question - if I were opening up a new account would this information really be of interest or help to me, or would it just be more information in the pile of what I receive and don't have the time to digest? I hope you will answer 'no' to these questions and recommend that further disclosures are not needed.

Thank you for your serious consideration of my comments.

Sincerely,

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