



# FREQUENTLY ASKED QUESTIONS



## OVERDRAFT PRIVILEGE<sup>SM</sup> SERVICE PROGRAM





# FREQUENTLY ASKED QUESTIONS

## This document addresses frequently asked questions regarding the Strunk and Associates' Overdraft Privilege<sup>SM</sup> Service Program:

- Who is Strunk & Associates, L.P.?
- What is the difference between overdraft "protection" and Strunk and Associates' discretionary Overdraft Privilege Service Program?
- Why would I want Strunk & Associates' Overdraft Privilege Service Program in my bank?
- Why is it better to consider payment of my customer's overdraft versus sending it back to the retailer?
- How does Strunk's Overdraft Privilege Service Program save my customers money?
- What kind of customer writes NSF's?
- How does Strunk & Associates address compliance issues with their discretionary overdraft payment program?
- Why use Strunk and Associates?



### Who is Strunk & Associates, L.P.?

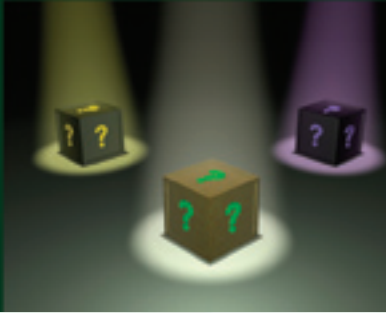


Established in 1976 by Chairman Bill Strunk, Strunk and Associates, L.P. is a financial institution advisory service recognized nationally for its innovative design, development and implementation of sustainable profit improvement solutions for the financial institution community.

A key element of Strunk and Associates' success has been its highly regarded discretionary Overdraft Privilege Service Program — developed to uniquely address the financial services industry need, and consumer demand, for a comprehensive and structured discretionary overdraft payment service. It is designed to complement and enrich the financial institution's customer service portfolio and strengthen its ability to attract, retain and grow profitable account relationships.

Strunk & Associates has built an unparalleled record of success with its discretionary overdraft payment program. Financial institutions from nearly every state in the U.S. as well as the Caribbean have deployed the firm's proprietary Overdraft Privilege Service Program. All have experienced dramatic improvement in customer service, loyalty and goodwill, while strengthening the bottom line.

# FREQUENTLY ASKED QUESTIONS



**Q**

**What is the difference between overdraft “protection” and Strunk & Associates’ discretionary Overdraft Privilege<sup>SM</sup> Service Program?**

**A**

The most common forms of overdraft “protection” services involve loan products such as a pre-approved credit line, or sweep accounts that transfer funds from the customer’s savings or money market accounts. Applications, credit approvals, contractual arrangement and excess deposits are normally required for such services.

**Strunk and Associates’ discretionary Overdraft Privilege Service Program is offered as a depository fee-based service privilege that is earned and maintained through your customer’s history of responsible account behavior.** It is made available to your customers in addition to common overdraft protection loan products as a non-contractual courtesy to nearly all of your customers.

There are no additional papers for your customer to sign and no action is required on the part of your customer. Under the Strunk & Associates’ Overdraft Privilege Program, it is already a part of your checking Deposit Account Agreement. The Overdraft Privilege service costs nothing unless your customer overdraws his/her account by writing a check, makes an ATM withdrawal, enacts a debit card purchase, or issues any other payment or withdrawal request (ACH, POS) for more than the funds on deposit in his/her account. At that time, payment of the overdraft will be considered and is subject to established limits and conditions.

**Q**

**Why would I want Strunk & Associates’ Overdraft Privilege Service Program in my bank?**

**A**

Many bank customers either do not qualify for, or choose not to apply for a line of credit. Included in this number are many customers who do not maintain savings, or other, accounts and sufficient balances in these accounts, to protect them against occasional or inadvertent overdrafts via a pre-arranged “sweep” or transfer of these funds.

Strunk & Associates’ discretionary Overdraft Privilege Service Program is a value-added service provided by your bank. And because there is no need to sign up for Strunk’s Overdraft Privilege Service, it’s substantial benefits and convenience are extended to a far greater percentage of your checking account customer base.

**Under Strunk and Associates’ discretionary Overdraft Privilege Service Program, your customers may now:**

- **Experience a significant improvement in customer service and convenience**
- **Avoid the embarrassment of picking up returned checks**
- **Have the knowledge that your bank will at least consider payment of their checks when they need it the most!**



# FREQUENTLY ASKED QUESTIONS



**Why is it better to consider payment of my customer's overdraft versus sending it back to the retailer?**



The competitive nature of the banking business today suggests that outstanding customer service is imperative to both acquire and, more importantly, retain customers.

Automatically returning customers' checks, many of which are for smaller amounts, is poor customer service. Conversely, considering payment of customers' checks provides a very emotional value-added service, saves your customers money and significantly contributes to improving good customer relations. **This encourages strong bank brand preference and brand loyalty.**



**How does the Strunk's Overdraft Privilege Service Program save my customers money?**



Whether your bank pays, or returns an insufficient funds check, an overdraft/NSF fee will be charged to the customer. The amount of the fee may vary, but let's assume \$20.00 as an average amount. If the check is returned to the retailer, an additional \$25.00 to \$30.00 is normally charged. But the costs to your customer may not stop at this point.

The retailer may send the previously returned check back to your bank under second presentment. If sufficient funds are still not present in your customer's account, you may be put in the position of charging yet another \$20.00. Thus, the total charges incurred by your customer may be as high as \$45.00 to \$70.00 or more, and the check still has not been paid.

**Any wonder why this cascade of embarrassment, humiliation, and additional merchant costs is often the emotional source of poor customer relations and reputational risk?**

In the above scenario, under Strunk and Associates' discretionary Overdraft Privilege Service Program, your customer would only pay a \$20.00 NSF service fee for payment of his/her overdraft. **Potential savings to your customer can be as much as \$50.00 or more per item!**



**What kind of customer writes NSF's?**

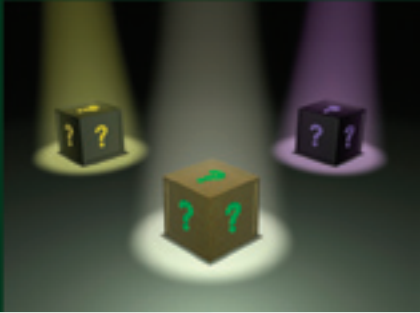


They are customers you deal with every day. They represent all income levels. Approximately 60% of consumers do not balance their checkbooks each month, but are otherwise capable, competent and financially trustworthy.

Today, low/no interest rates on savings/checking accounts have prompted many bank customers to purposely limit saving and checking balances in order to get a higher rate of return on their savings funds. Consequently, important customers may not qualify for traditional overdraft "protection" services.

Consequently, Overdraft Protection that is tied to a transfer of the customer's own (savings) funds is often misleading or an illusion of "protection." Your customers are not likely to blame themselves for not keeping enough money in their savings accounts – who do you think they will "blame" when the "protection" is not available?

# FREQUENTLY ASKED QUESTIONS



Q

How does Strunk and Associates address compliance issues with their discretionary Overdraft Privilege Service Program?

A

The Overdraft Privilege Service Program will touch many areas of your financial institution, while satisfying media and consumer advocate issues. For example:

- Reg Z TILA/Truth in Lending (and disclosure)
- Reg O Loans to Key Executives
- Reg E Electronic Banking
- Reg B Discriminatory Practices
- Reg DD TISA/Truth in Savings (and Advertising)

We provide our clients with a comprehensive guidance package that includes confidential and proprietary Best Practices guidelines, examples, illustrations and time-and-examination-tested sample materials that are compliant with applicable laws, rules and regulations — including the latest Regulation DD Amendments, and the FFIEC Guidance.

Strunk's guidance package is designed to assist our clients in their compliance efforts to ensure their practices and processes associated with *any discretionary payment of overdrafts* are reliably compliant, prudent, safe and responsible.

Our clients also receive detailed analysis on relevant legal developments and trends at both the state and national levels. Our clients have been examined thousands of times over the years without major deficiencies, exceptions or findings.

Q

Why use Strunk and Associates?

A

Simply stated, we make things happen. We get things done, and we get them done right – the first time. The Strunk operational package includes processes and business support mechanisms that are configured to meet your financial institution's needs and requirements for successful implementation, integration and control of all overdraft/NSF account transactions.

With the installation of Strunk's Overdraft Privilege Service program, our team of full-time, salaried-with-full-benefits, engagement managers and support specialists (*and not commission-based independent contractors*) provide you with a complete turnkey overdraft/NSF business system that, for over a decade, has always had the same consistent results:

- **Improved customer service**
- **Increased market share**
- **Loyal and satisfied customers**
- **Strengthening your bottom line**
- **Increased shareholder value**

## PUT OVERDRAFT PRIVILEGE TO WORK FOR YOU

It makes sense to partner with a company whose overdraft privilege program is built on years of experience. From a financial foundation formed in 1976, Strunk & Associates has built an unparalleled record of success with its discretionary Overdraft Privilege Service Program. **At Strunk & Associates, Overdraft Privilege is not only our core business – it's our only business.**

- ▶ More clients in more regions than any other ODP vendor
- ▶ More *verifiable* client references
- ▶ Endorsed by dozens of major trade associations
- ▶ Exclusive alliances with major data processing companies
- ▶ Compliance and legal expertise with nationally recognized law firms
- ▶ Exemplary examination record by federal and state regulators

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