

S.5972 (Sanders) / A.5519 (Hunter)

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BILL S.5972 (Sanders) / A.5519 (Hunter)
SUBJECT Allows DFS to Impose Restrictions on Checking and Debit Accounts
DATE April 24, 2023
OPPOSE

The Business Council opposes S.5972 (Sanders) / A.5519 (Hunter).

This legislation directs the Superintendent of the Department of Financial Services (DFS) to establish and impose rules on consumer debit and checking accounts at state-chartered banking organizations. In this bill, the legislature yields authority to DFS to dictate how “banking organizations process debit and credit transactions,” insufficient funds and bounced checks, and gives broad authority to the

insufficient funds and bounced checks, and gives broad authority to the Superintendent without any constraining language to guide or clear legislative mandate.

Further, the bill will ultimately create a more unbalanced dynamic between state-chartered banks and federally chartered banks. Federally chartered banks would be exempted from these rules imposed by DFS due to federal pre-emption, therefore, unfairly burdening state-chartered banks with additional regulations that their federal counterparts are not subjected to. In further tipping the scales, New York state-chartered banks may see a benefit to flipping their charters, thus depriving the State from revenue.

Lastly, this bill is redundant and puts the “cart before the horse.” Chapter 380 of 2022 enacted the State Overdraft Study which requires DFS to study overdraft fees and submit a final report to the Legislature and Governor by July 15, 2023. This conflicts with, and undermines, the intent of the Legislature in the aforementioned

Chapter. Invalidating the study before it is completed and reviewed, as prescribed by law, is a gross misuse of taxpayer dollars.

For these reasons, The Business Council opposes S.5972 (Sanders) / A.5519 (Hunter).

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