

---

**By: Delegates Bobo, Pitkin, Mandel, Walkup, and Crumlin**

Introduced and read first time: February 1, 1996

Assigned to: Commerce and Government Matters

---

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions - Basic Banking Accounts**

3 FOR the purpose of requiring certain banking institutions to make low cost banking  
4 services available to consumers by offering a basic banking account or basic share  
5 draft account; establishing the rules, terms, conditions, and fees of the account;  
6 authorizing a banking institution to require certain information from account  
7 holders; authorizing a banking institution to require account holders to comply with  
8 certain rules; requiring a banking institution to make certain disclosures to an  
9 account holder; requiring a banking institution to obtain the signature of an account  
10 holder acknowledging receipt of certain disclosures; authorizing a banking  
11 institution to request approval of the Bank Commissioner to offer an alternative  
12 account in lieu of offering a basic banking account or basic share draft account  
13 under certain conditions; requiring a banking institution requesting approval to  
14 offer an alternative account to submit certain information to the Bank  
15 Commissioner; requiring the Bank Commissioner to consider certain issues when  
16 deciding to approve or deny an application to offer an alternative account; defining  
17 certain terms; and generally relating to the establishment of basic banking accounts  
18 and basic share draft accounts.

19 BY adding to  
20 Article - Financial Institutions  
21 Section 12-901 through 12-906, inclusive, to be under the new subtitle "Subtitle 9.  
22 Basic Banking Accounts"  
23 Annotated Code of Maryland  
24 (1992 Replacement Volume and 1995 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
26 MARYLAND, That the Laws of Maryland read as follows:

27 **Article - Financial Institutions**

28 SUBTITLE 9. BASIC BANKING ACCOUNTS.

29 12-901.

30 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
31 INDICATED.

2

1 (B) "ACCOUNT HOLDER" MEANS AN INDIVIDUAL WHO HOLDS A BASIC  
2 BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT.

3 (C) "BANKING INSTITUTION" MEANS:

4 (1) A FOREIGN BANK;

5 (2) AN OTHER-STATE BANK;

6 (3) A CREDIT UNION FORMED UNDER TITLE 6 OF THIS ARTICLE;

7 (4) A SAVINGS AND LOAN ASSOCIATION FORMED UNDER TITLE 9 OF  
8 THIS ARTICLE;

9 (5) A COMMERCIAL BANK FORMED UNDER TITLE 3 OF THIS ARTICLE;  
10 OR

11 (6) A SAVINGS BANK FORMED UNDER TITLE 4 OF THIS ARTICLE.

12 (D) "CONSUMER TRANSACTION ACCOUNT" MEANS:

13 (1) A DEMAND DEPOSIT ACCOUNT;

14 (2) A NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT;

15 (3) A SHARE DRAFT ACCOUNT; OR

16 (4) AN ACCOUNT USED PRIMARILY FOR PERSONAL, FAMILY, OR  
17 HOUSEHOLD PURPOSES.

18 (E) "PERIODIC CYCLE" MEANS THE PERIOD COVERED BY THE INSTITUTION'S  
19 REGULAR CONSUMER TRANSACTION ACCOUNT STATEMENT.

20 (F) "WITHDRAWAL TRANSACTION" MEANS A WITHDRAWAL FROM A  
21 CONSUMER TRANSACTION ACCOUNT BY MEANS OF:

22 (1) A WITHDRAWAL SLIP;

23 (2) A CHECK;

24 (3) A NEGOTIABLE ORDER OR DRAFT; OR

25 (4) AN AUTOMATED TELLER MACHINE.

26 12-902.

27 THIS SUBTITLE APPLIES ONLY TO A BANKING INSTITUTION THAT OFFERS A  
28 CONSUMER TRANSACTION ACCOUNT TO THE GENERAL PUBLIC, OR IN THE CASE OF  
29 A CREDIT UNION, TO ITS MEMBERS.

30 12-903.

31 (A) A BANKING INSTITUTION SHALL OFFER A BASIC BANKING ACCOUNT OR,  
32 IN THE CASE OF A CREDIT UNION, A BASIC SHARE DRAFT ACCOUNT THAT IS  
33 SUBJECT TO THE FOLLOWING RULES, CONDITIONS, AND TERMS:

3

1 (1) THE INITIAL DEPOSIT AMOUNT REQUIRED TO OPEN THE ACCOUNT  
2 MAY NOT EXCEED \$25;

3 (2) THE BANKING INSTITUTION MAY NOT REQUIRE A MINIMUM  
4 AVERAGE BALANCE TO MAINTAIN THE ACCOUNT;

5 (3) THE PERIODIC CYCLE OF THE ACCOUNT IS FROM 28 TO 31 DAYS;

6 (4) THE BANKING INSTITUTION MAY NOT CHARGE MORE THAN \$3 PER  
7 PERIODIC CYCLE TO MAINTAIN THE ACCOUNT;

8 (5) AN ACCOUNT HOLDER MAY PERFORM A MINIMUM OF EIGHT  
9 WITHDRAWAL TRANSACTIONS DURING A PERIODIC CYCLE WITHOUT INCURRING  
10 AN ADDITIONAL CHARGE FOR WITHDRAWAL TRANSACTIONS;

11 (6) EXCEPT AS PROVIDED IN ITEM (7) OF THIS SUBSECTION, AN  
12 ACCOUNT HOLDER MAY MAKE UNLIMITED DEPOSITS TO THE ACCOUNT WITHOUT  
13 INCURRING AN ADDITIONAL CHARGE;

14 (7) THE BANKING INSTITUTION MAY CHARGE AN ACCOUNT HOLDER  
15 FOR TRANSACTIONS AT AUTOMATED TELLER MACHINES NOT OPERATED BY THE  
16 BANKING INSTITUTION AND OTHER FEES AND CHARGES FOR BANKING SERVICES  
17 NOT SPECIFICALLY PROVIDED FOR BY THIS SUBTITLE, PROVIDED THAT THE FEES  
18 AND CHARGES IMPOSED BY THE BANKING INSTITUTION DO NOT EXCEED THE  
19 AMOUNTS CHARGED BY THE BANKING INSTITUTION TO THE HOLDERS OF OTHER  
20 CONSUMER TRANSACTION ACCOUNTS IN THE BANKING INSTITUTION FOR SIMILAR  
21 TRANSACTIONS; AND

22 (8) EVERY STATEMENT ISSUED TO AN ACCOUNT HOLDER AT THE END  
23 OF A PERIODIC CYCLE SHALL INCLUDE A CONSPICUOUS NOTICE STATING:

24 (I) THE MAXIMUM NUMBER OF WITHDRAWAL TRANSACTIONS AN  
25 ACCOUNT HOLDER MAY PERFORM DURING A PERIODIC CYCLE WITHOUT  
26 INCURRING AN ADDITIONAL CHARGE FOR WITHDRAWAL TRANSACTIONS;

27 (II) THE CONSEQUENCES AND ANY FEE CHARGED FOR  
28 EXCEEDING THE MAXIMUM STATED UNDER SUBITEM (I) OF THIS PARAGRAPH;

29 (III) THAT A WITHDRAWAL TRANSACTION IS CONSIDERED  
30 PERFORMED WHEN IT IS RECORDED ON THE BOOKS OF THE ACCOUNT HOLDER'S  
31 BANKING INSTITUTION; AND

32 (IV) THE FEE CHARGED, IF ANY, FOR A TRANSACTION PERFORMED  
33 BY AN ACCOUNT HOLDER AT AN AUTOMATED TELLER MACHINE NOT OPERATED BY  
34 THE BANKING INSTITUTION.

35 (B) THE BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT IS  
36 SUBJECT TO THE RULES, CONDITIONS, AND TERMS OF OTHER CONSUMER  
37 TRANSACTION ACCOUNTS OFFERED BY THE BANKING INSTITUTION EXCEPT AS  
38 PROVIDED IN THIS SUBTITLE.

4

1 (C) FOR THE PURPOSES OF SUBSECTION (A)(5) OF THIS SECTION, A  
2 WITHDRAWAL TRANSACTION IS CONSIDERED PERFORMED WHEN IT IS RECORDED  
3 ON THE BOOKS OF THE ACCOUNT HOLDER'S BANKING INSTITUTION.

4 12-904.

5 (A) AS A CONDITION FOR OPENING OR MAINTAINING A BASIC BANKING  
6 ACCOUNT OR A BASIC SHARE DRAFT ACCOUNT, A BANKING INSTITUTION MAY  
7 REQUIRE AN APPLICANT FOR AN ACCOUNT OR AN ACCOUNT HOLDER:

8 (1) TO BE A RESIDENT OF THE STATE;

9 (2) TO PROVIDE THE SAME INFORMATION REQUIRED OF APPLICANTS  
10 FOR OR HOLDERS OF OTHER CONSUMER TRANSACTION ACCOUNTS AT THE  
11 BANKING INSTITUTION;

12 (3) TO ARRANGE FOR DIRECT DEPOSIT TO THE BANKING INSTITUTION,  
13 IF DIRECT DEPOSIT IS AVAILABLE TO THE APPLICANT OR ACCOUNT HOLDER, OF  
14 RECURRING PAYMENTS, INCLUDING:

15 (I) SOCIAL SECURITY PAYMENTS;

16 (II) WAGES OR SALARY;

17 (III) PENSION PAYMENTS; OR

18 (IV) OTHER RECURRING PAYMENTS THE BANKING INSTITUTION  
19 CONSIDERS APPROPRIATE; AND

20 (4) EXCEPT AS PROVIDED IN SUBSECTIONS (B) AND (C) OF THIS  
21 SECTION, TO NOT MAINTAIN ANOTHER CONSUMER TRANSACTION ACCOUNT.

22 (B) AN ACCOUNT HOLDER MAY HOLD ANOTHER CONSUMER TRANSACTION  
23 ACCOUNT FOR UP TO 60 DAYS AFTER THE DATE A BASIC BANKING ACCOUNT OR  
24 BASIC SHARE DRAFT ACCOUNT IS OPENED.

25 (C) SUBSECTION (A)(4) OF THIS SECTION DOES NOT APPLY TO AN ACCOUNT  
26 IDENTIFIED AS A BURIAL FUND ACCOUNT.

27 12-905.

28 (A) BEFORE OPENING A BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT  
29 ACCOUNT, A BANKING INSTITUTION SHALL PROVIDE THE ACCOUNT HOLDER WITH:

30 (1) A WRITTEN DISCLOSURE THAT STATES:

31 (I) THE INITIAL DEPOSIT AMOUNT REQUIRED TO OPEN THE  
32 ACCOUNT;

33 (II) THAT THERE IS NO MINIMUM BALANCE REQUIRED TO  
34 MAINTAIN THE ACCOUNT;

35 (III) THE LENGTH OF THE PERIODIC CYCLE;

5

1 (IV) THE CHARGE PER PERIODIC CYCLE FOR MAINTAINING THE  
2 ACCOUNT;

3 (V) THE MAXIMUM NUMBER OF WITHDRAWAL TRANSACTIONS AN  
4 ACCOUNT HOLDER MAY PERFORM DURING A PERIODIC CYCLE WITHOUT  
5 INCURRING AN ADDITIONAL CHARGE FOR WITHDRAWAL TRANSACTIONS;

6 (VI) THAT A WITHDRAWAL TRANSACTION IS CONSIDERED  
7 PERFORMED WHEN IT IS RECORDED ON THE BOOKS OF THE ACCOUNT HOLDER'S  
8 BANKING INSTITUTION, AND NOT NECESSARILY THE DATE THE ACCOUNT HOLDER  
9 PERFORMED THE TRANSACTION;

10 (VII) THAT THE ACCOUNT HOLDER MAY MAKE AN UNLIMITED  
11 NUMBER OF DEPOSITS WITHOUT INCURRING AN ADDITIONAL CHARGE;

12 (VIII) THE FEE CHARGED, IF ANY, FOR A TRANSACTION PERFORMED  
13 BY AN ACCOUNT HOLDER AT AN AUTOMATED TELLER MACHINE NOT OPERATED BY  
14 THE BANKING INSTITUTION;

15 (IX) OTHER FEES AND CHARGES THAT MAY BE IMPOSED ON THE  
16 ACCOUNT HOLDER INCLUDING CHARGES FOR DISHONORED ITEMS, CERTIFICATION  
17 OF CHECKS, AND PRINTING OF CHECKS; AND

18 (X) OTHER DISCLOSURES CUSTOMARILY MADE IN CONNECTION  
19 WITH THE OPENING OF OTHER CONSUMER TRANSACTION ACCOUNTS BY THE  
20 BANKING INSTITUTION; AND

21 (2) ON A SEPARATE SHEET OF PAPER, A COPY OF THE FOLLOWING  
22 NOTICE AND ACKNOWLEDGMENT TO BE SIGNED BY THE ACCOUNT HOLDER:

23 "NOTICE AND ACKNOWLEDGMENT

24 I UNDERSTAND THAT I MAY MAKE ONLY \_\_\_\_ (NUMBER) WITHDRAWALS  
25 DURING EACH PERIODIC CYCLE OF \_\_\_\_ (NUMBER) DAYS WITHOUT INCURRING  
26 ADDITIONAL SERVICE CHARGES AND THAT OTHER FEES SUCH AS "BOUNCED  
27 CHECK" FEES , "STOP PAYMENT" FEES, OR FEES FOR USING ELECTRONIC FACILITIES  
28 NOT OPERATED BY MY BANKING INSTITUTION MAY ALSO BE CHARGED TO MY  
29 ACCOUNT, AS APPLICABLE."

30 (B) A COPY OF THE SIGNED NOTICE AND ACKNOWLEDGMENT REQUIRED  
31 UNDER SUBSECTION (A)(2) OF THIS SECTION SHALL BE:

32 (1) GIVEN TO THE ACCOUNT HOLDER; AND

33 (2) MAINTAINED BY THE BANKING INSTITUTION FOR A MINIMUM OF 3  
34 YEARS.

35 12-906.

36 (A) IF A BANKING INSTITUTION DETERMINES THAT THE CHARGES IT IS  
37 AUTHORIZED TO IMPOSE ON THE HOLDER OF A BASIC BANKING ACCOUNT OR A  
38 BASIC SHARE DRAFT ACCOUNT ARE LESS THAN THE ACTUAL COST TO THE BANKING  
39 INSTITUTION OF PROVIDING A BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT

6  
1 ACCOUNT, THE BANKING INSTITUTION MAY SUBMIT AN APPLICATION TO THE BANK  
2 COMMISSIONER FOR APPROVAL TO OFFER AN ALTERNATIVE ACCOUNT.

3 (B) AN APPLICATION FOR APPROVAL OF AN ALTERNATIVE ACCOUNT SHALL  
4 INCLUDE A COMPLETE DESCRIPTION OF THE ALTERNATIVE ACCOUNT, INCLUDING,  
5 AS APPLICABLE, AT LEAST THE FOLLOWING INFORMATION:

6 (1) THE INITIAL DEPOSIT AMOUNT NECESSARY TO OPEN THE ACCOUNT;

7 (2) THE MINIMUM BALANCE REQUIRED TO MAINTAIN THE ACCOUNT;

8 (3) THE AVERAGE DAILY BALANCE REQUIRED TO MAINTAIN THE  
9 ACCOUNT;

10 (4) THE LENGTH OF THE PERIODIC CYCLE TO WHICH THE ACCOUNT IS  
11 SUBJECT;

12 (5) THE CHARGE PER PERIODIC CYCLE TO MAINTAIN THE ACCOUNT;

13 (6) THE NUMBER OF WITHDRAWAL TRANSACTIONS THE HOLDER OF  
14 THE ACCOUNT MAY MAKE DURING A PERIODIC CYCLE WITHOUT INCURRING AN  
15 ADDITIONAL CHARGE;

16 (7) THE PER TRANSACTION CHARGE PER PERIODIC CYCLE FOR  
17 WITHDRAWAL TRANSACTIONS IN EXCESS OF THE NUMBER SET IN ITEM (6) OF THIS  
18 SUBSECTION;

19 (8) ANY OTHER FEES WHICH MAY BE CHARGED TO THE HOLDER OF  
20 THE ACCOUNT;

21 (9) ANY OTHER INFORMATION AND DOCUMENTATION REQUIRED BY  
22 THE BANK COMMISSIONER;

23 (10) DATA ON THE ACTUAL COST TO THE BANKING INSTITUTION OF  
24 PROVIDING THE BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT; AND

25 (11) A DESCRIPTION OF THE METHODOLOGY USED BY THE BANKING  
26 INSTITUTION TO OBTAIN THE DATA REQUIRED UNDER ITEM (10) OF THIS  
27 SUBSECTION.

28 (C) IN REVIEWING AN APPLICATION FOR APPROVAL OF AN ALTERNATIVE  
29 ACCOUNT, THE BANK COMMISSIONER SHALL CONSIDER:

30 (1) WHETHER THE ACTUAL COST TO THE BANKING INSTITUTION OF  
31 PROVIDING A BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT IS  
32 CUSTOMARY AND REASONABLE GIVEN THE SIZE AND LOCATION OF THE BANKING  
33 INSTITUTION; AND

34 (2) WHETHER THE METHODOLOGY USED TO DETERMINE THE ACTUAL  
35 COST TO THE BANKING INSTITUTION IS INDEPENDENTLY VERIFIABLE.

36 (D) IN DETERMINING WHETHER TO APPROVE AN ALTERNATIVE ACCOUNT,  
37 THE BANK COMMISSIONER SHALL CONSIDER:

7

1                   (1) WHETHER THE RULES, CONDITIONS, AND TERMS OF THE ACCOUNT  
2 PROVIDE LEVELS OF SERVICE AND REQUIRE CHARGES TO THE HOLDER THAT ARE  
3 AT LEAST AS ADVANTAGEOUS AS THE RULES, CONDITIONS, AND TERMS OF A BASIC  
4 BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT; AND

5                   (2) WHETHER THE ACCOUNT WILL MAKE LOW COST BANKING SERVICES  
6 AVAILABLE TO THE CONSUMER.

7                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 October 1, 1996.