
By: **Delegates Bobo, Benson, DeCarlo, Dypski, Kagan, Mandel, Moe,
Pendergrass, and Pitkin**

Introduced and read first time: February 13, 1998

Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

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

19 BY adding to
20 Article - Financial Institutions
21 Section 12-901 through 12-906, inclusive, to be under the new subtitle "Subtitle
22 9. Basic Banking Accounts"
23 Annotated Code of Maryland
24 (1998 Replacement Volume)

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

1 **Article - Financial Institutions**

2 SUBTITLE 9. BASIC BANKING ACCOUNTS.

3 12-901.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
5 INDICATED.6 (B) "ACCOUNT HOLDER" MEANS AN INDIVIDUAL WHO HOLDS A BASIC
7 BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT.

8 (C) "BANKING INSTITUTION" MEANS:

9 (1) A FOREIGN BANK;

10 (2) AN OTHER-STATE BANK;

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

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

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

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

16 (D) "CONSUMER TRANSACTION ACCOUNT" MEANS:

17 (1) A DEMAND DEPOSIT ACCOUNT;

18 (2) A NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT;

19 (3) A SHARE DRAFT ACCOUNT; OR

20 (4) AN ACCOUNT USED PRIMARILY FOR PERSONAL, FAMILY, OR
21 HOUSEHOLD PURPOSES.22 (E) "PERIODIC CYCLE" MEANS THE PERIOD COVERED BY THE INSTITUTION'S
23 REGULAR CONSUMER TRANSACTION ACCOUNT STATEMENT.24 (F) "WITHDRAWAL TRANSACTION" MEANS A WITHDRAWAL FROM A
25 CONSUMER TRANSACTION ACCOUNT BY MEANS OF:

26 (1) A WITHDRAWAL SLIP;

27 (2) A CHECK;

28 (3) A NEGOTIABLE ORDER OR DRAFT; OR

29 (4) AN AUTOMATED TELLER MACHINE.

1 12-902.

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

5 12-903.

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

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

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

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

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

16 (5) AN ACCOUNT HOLDER MAY PERFORM A MINIMUM OF EIGHT
17 WITHDRAWAL TRANSACTIONS DURING A PERIODIC CYCLE WITHOUT INCURRING AN
18 ADDITIONAL CHARGE FOR WITHDRAWAL TRANSACTIONS;

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

22 (7) THE BANKING INSTITUTION MAY CHARGE AN ACCOUNT HOLDER
23 FOR TRANSACTIONS AT AUTOMATED TELLER MACHINES NOT OPERATED BY THE
24 BANKING INSTITUTION AND OTHER FEES AND CHARGES FOR BANKING SERVICES
25 NOT SPECIFICALLY PROVIDED FOR BY THIS SUBTITLE, PROVIDED THAT THE FEES
26 AND CHARGES IMPOSED BY THE BANKING INSTITUTION DO NOT EXCEED THE
27 AMOUNTS CHARGED BY THE BANKING INSTITUTION TO THE HOLDERS OF OTHER
28 CONSUMER TRANSACTION ACCOUNTS IN THE BANKING INSTITUTION FOR SIMILAR
29 TRANSACTIONS; AND

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

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

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

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

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

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

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

14 12-904.

15 (A) AS A CONDITION FOR OPENING OR MAINTAINING A BASIC BANKING
16 ACCOUNT OR A BASIC SHARE DRAFT ACCOUNT, A BANKING INSTITUTION MAY
17 REQUIRE AN APPLICANT FOR AN ACCOUNT OR AN ACCOUNT HOLDER:

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

19 (2) TO PROVIDE THE SAME INFORMATION REQUIRED OF APPLICANTS
20 FOR OR HOLDERS OF OTHER CONSUMER TRANSACTION ACCOUNTS AT THE BANKING
21 INSTITUTION;

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

25 (I) SOCIAL SECURITY PAYMENTS;

26 (II) WAGES OR SALARY;

27 (III) PENSION PAYMENTS; OR

28 (IV) OTHER RECURRING PAYMENTS THE BANKING INSTITUTION
29 CONSIDERS APPROPRIATE; AND

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

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

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

1 12-905.

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

4 (1) A WRITTEN DISCLOSURE THAT STATES:

5 (I) THE INITIAL DEPOSIT AMOUNT REQUIRED TO OPEN THE
6 ACCOUNT;

7 (II) THAT THERE IS NO MINIMUM BALANCE REQUIRED TO
8 MAINTAIN THE ACCOUNT;

9 (III) THE LENGTH OF THE PERIODIC CYCLE;

10 (IV) THE CHARGE PER PERIODIC CYCLE FOR MAINTAINING THE
11 ACCOUNT;

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

15 (VI) THAT A WITHDRAWAL TRANSACTION IS CONSIDERED
16 PERFORMED WHEN IT IS RECORDED ON THE BOOKS OF THE ACCOUNT HOLDER'S
17 BANKING INSTITUTION, AND NOT NECESSARILY THE DATE THE ACCOUNT HOLDER
18 PERFORMED THE TRANSACTION;

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

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

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

27 (X) OTHER DISCLOSURES CUSTOMARILY MADE IN CONNECTION
28 WITH THE OPENING OF OTHER CONSUMER TRANSACTION ACCOUNTS BY THE
29 BANKING INSTITUTION; AND

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

32 "NOTICE AND ACKNOWLEDGMENT

33 I UNDERSTAND THAT I MAY MAKE ONLY ____ (NUMBER) WITHDRAWALS
34 DURING EACH PERIODIC CYCLE OF ____ (NUMBER) DAYS WITHOUT INCURRING
35 ADDITIONAL SERVICE CHARGES AND THAT OTHER FEES SUCH AS "BOUNCED CHECK"

1 FEES, "STOP PAYMENT" FEES, OR FEES FOR USING ELECTRONIC FACILITIES NOT
2 OPERATED BY MY BANKING INSTITUTION MAY ALSO BE CHARGED TO MY ACCOUNT,
3 AS APPLICABLE."

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

6 (1) GIVEN TO THE ACCOUNT HOLDER; AND

7 (2) MAINTAINED BY THE BANKING INSTITUTION FOR A MINIMUM OF 3
8 YEARS.

9 12-906.

10 (A) IF A BANKING INSTITUTION DETERMINES THAT THE CHARGES IT IS
11 AUTHORIZED TO IMPOSE ON THE HOLDER OF A BASIC BANKING ACCOUNT OR A
12 BASIC SHARE DRAFT ACCOUNT ARE LESS THAN THE ACTUAL COST TO THE BANKING
13 INSTITUTION OF PROVIDING A BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT
14 ACCOUNT, THE BANKING INSTITUTION MAY SUBMIT AN APPLICATION TO THE BANK
15 COMMISSIONER FOR APPROVAL TO OFFER AN ALTERNATIVE ACCOUNT.

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

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

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

21 (3) THE AVERAGE DAILY BALANCE REQUIRED TO MAINTAIN THE
22 ACCOUNT;

23 (4) THE LENGTH OF THE PERIODIC CYCLE TO WHICH THE ACCOUNT IS
24 SUBJECT;

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

26 (6) THE NUMBER OF WITHDRAWAL TRANSACTIONS THE HOLDER OF THE
27 ACCOUNT MAY MAKE DURING A PERIODIC CYCLE WITHOUT INCURRING AN
28 ADDITIONAL CHARGE;

29 (7) THE PER TRANSACTION CHARGE PER PERIODIC CYCLE FOR
30 WITHDRAWAL TRANSACTIONS IN EXCESS OF THE NUMBER SET IN ITEM (6) OF THIS
31 SUBSECTION;

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

34 (9) ANY OTHER INFORMATION AND DOCUMENTATION REQUIRED BY
35 THE BANK COMMISSIONER;

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

3 (11) A DESCRIPTION OF THE METHODOLOGY USED BY THE BANKING
4 INSTITUTION TO OBTAIN THE DATA REQUIRED UNDER ITEM (10) OF THIS
5 SUBSECTION.

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

8 (1) WHETHER THE ACTUAL COST TO THE BANKING INSTITUTION OF
9 PROVIDING A BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT IS
10 CUSTOMARY AND REASONABLE GIVEN THE SIZE AND LOCATION OF THE BANKING
11 INSTITUTION; AND

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

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

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

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 1998.