

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 185
Finance

(Senators Kagan and Reilly)

Economic Matters

Financial Institutions - Security Questions and Measures

This bill requires a financial institution to allow a customer to choose from at least two security question options for each security question (if the customer is required to provide an answer to a security question in connection with the provision of an account). The bill applies only prospectively and does not apply to any customer accounts created before its October 1, 2021 effective date.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations. Enforcement can be handled with existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: A “financial institution” means any financial institution of the type supervised under the Financial Institutions Article, whether or not State-chartered.

Maryland law does not currently address which security questions a financial institution may ask in connection with a consumer account.

The Office of the Commissioner of Financial Regulation (OCFR) provides assistance to Maryland consumers by investigating complaints of questionable business practices

involving State-chartered, licensed, and registered financial institutions under its supervision and authority.

Additional Comments: Many financial institutions are chartered at the federal level and are not subject to State supervision. For instance, OCFR advises that the bill likely has no effect on federally chartered banks.

Additional Information

Prior Introductions: HB 274 of 2020, a similar bill, passed the House and was referred to the Senate Finance Committee, but no further action was taken. Its cross file, SB 160, received a hearing in the Senate Finance Committee, but no further action was taken.

Designated Cross File: HB 471 (Delegate C. Watson) - Economic Matters.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2021
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