

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 332
Economic Matters

(Delegates Stewart and Griffith)

Finance

Consumer Protection – Electronic Funds Transfers – Regulations (Elder Fraud Prevention Act of 2025)

This bill establishes that wire transfers involving electronic fund transfers made ancillary to bank-to-bank transfers via a wire service are subject to the provisions of the federal Electronic Funds Transfer Act (EFTA) of 1978. The bill applies to all financial institutions operating in the State, but if it is found to be inapplicable to federally chartered financial institutions or financial institutions operating in the State that are chartered outside of the State, it abrogates and ceases to carry any force.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Electronic Funds Transfer Act, Generally

EFTA is intended to protect individual consumers engaging in EFT and remittance transfers. Key provisions of EFTA include limiting consumer liability for unauthorized EFTs, as specified (§ 1693g), mandating error resolution procedures for certain financial

institutions (§ 1693f), and establishing civil and criminal liability for financial institutions under certain circumstances (§ 1693m).

Electronic Funds Transfer Act, Definition of “Electronic Transfer”

Section 1693a of EFTA defines “electronic fund transfer” as any transfer of funds, other than specified commercial paper, which is initiated through specified electronic means “so as to order, instruct, or authorize a financial institution to debit or credit an account.” The term includes, among other things, point-of-service transfers, automated teller machine transactions, direct deposits or withdrawals of funds, and transfers initiated by telephone.

Regulation of Financial Services, Generally

The financial services industry in Maryland is regulated by the Office of Financial Regulation (OFR) within the Maryland Department of Labor and OAG’s Securities Division. Under the direction and authority of the Commissioner of Financial Regulation, OFR regulates State-chartered and State-licensed financial institutions operating in Maryland. These include depository institutions such as Maryland-chartered banks, trust companies, bank holding companies, and credit unions, as well as nondepository entities such as money transmitters, check cashers, consumer lenders, sales finance companies, installment lenders, mortgage lenders, mortgage loan originators, credit services businesses, debt management services providers, debt settlement services providers, consumer reporting agencies, and collection agencies.

OFR’s activities are set out in Titles 1 through 7, 11, and 12 of the Financial Institutions Article of the Annotated Code of Maryland. In addition, the office supervises certain activities found in Title 12 and Title 14 of the Commercial Law Article and Title 7 of the Business Regulation Article.

The mission of OFR is to ensure that the citizens of Maryland are able to conduct their financial transactions through safe, sound, and well-managed institutions that comply with Maryland law, while providing a flexible, yet sound regulatory environment that promotes fair competition, encourages innovative business development, and supports the economy of Maryland. OFR supervises the activities of the financial services industry through periodic on-site examinations and off-site monitoring programs. Additionally, OFR provides assistance to consumers by investigating complaints of questionable business practices involving State-chartered, licensed, and registered financial institutions under its supervision and authority.

State Regulation of Funds Transferred

Title 4A of the Maryland Uniform Commercial Code governs funds transfers. Generally, Title 4A does not apply to a funds transfer any part of which is governed by EFTA. In the event of an inconsistency between an applicable provision of Title 4A and an applicable provision of EFTA, the provision of EFTA governs.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 659 (Senator Ready, *et al.*) - Finance.

Information Source(s): Maryland Department of Labor; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

Fiscal Note History: First Reader - January 24, 2025
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