



House Bill 332

Date: January 28, 2025

Committee: Economic Matters

Position: Opposed

Founded in 1968, the Maryland Chamber of Commerce (Maryland Chamber) is a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

House Bill 322 (HB 322) would authorize the Commissioner of Financial Regulation to adopt consumer protection regulations for financial institutions initiating domestic electronic funds transfers, consistent with protections outlined in 15 U.S.C. § 1693(a)(7). The Maryland Chamber is concerned that Maryland's financial institutions, which include small credit unions and banks, would be negatively impacted by the imposition of these new regulations.

HB 332 vests broad regulatory authority in the Office of the Commissioner of Financial Regulation to enact consumer protections that are "consistent with" those afforded to consumers who initiate an electronic funds transfer under 15 U.S.C. § 1693(a)(7). The Maryland Chamber is concerned that the "consistent with" requirement in the bill could create broad regulatory authority that leads to more stringent regulations that misalign Maryland with other states and subsequently limit the provision of critical financial services to Maryland residents.

Additionally, please note that the question of whether U.S.C. § 1693 or UCC Article 4 should regulate electronic funds transfers is currently being litigated in the United States District Court for the Southern District of New York (SDNY). See *The People of the State of New York ex rel. James v. Citibank, N.A., No. 24-CV-659 (JPO)*. Federal court cases in New York are not dispositive in Maryland, but decisions in the Second Circuit can be utilized as persuasive authority. As such, the Maryland Chamber respectfully requests the committee at least allow the New York case to reach a definitive resolution before considering changes to current law.

Efforts to increase consumer protection for electronic fund transfers should foster compliance and ensure that financial institutions don't limit the provision of critical services in the state. For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **HB 332**.