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I N   S E N A T E

May 12, 2016

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Introduced by Sen. COMRIE -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the banking law, in relation to requiring banks to notify customers of account overdrafts in certain circumstances

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. The banking law is amended by adding a new section 135 to  
2     read as follows:

3     S 135. ACCOUNT NOTIFICATIONS. 1. WHERE A BANKING INSTITUTION UNDER  
4     THIS ARTICLE OFFERS ITS CUSTOMERS OR DEPOSITORS OVERDRAFT PROTECTION, OR  
5     ANY OTHER SIMILAR SERVICE WHEREIN THE BANKING INSTITUTION CHARGES A FEE  
6     TO PREVENT ACCOUNT PENALTIES FOR INSUFFICIENT FUNDS, SUCH INSTITUTION  
7     SHALL NOTIFY SUCH CUSTOMER OR DEPOSITOR WHENEVER SUCH SERVICE IS  
8     EMPLOYED TO PREVENT ACCOUNT PENALTIES.

9     2. A BANKING INSTITUTION SHALL IMMEDIATELY NOTIFY A CUSTOMER OR DEPOS-  
10     ITOR OF THE INSUFFICIENCY OF FUNDS IN SUCH INDIVIDUAL'S ACCOUNT OR  
11     ACCOUNTS VIA ELECTRONIC MAIL, OR IF THE INDIVIDUAL PREFERS, THROUGH ANY  
12     OTHER METHOD OF NOTIFICATION. SUCH NOTIFICATION SHALL STATE THAT THE  
13     BANK'S OVERDRAFT SERVICE HAS GONE INTO EFFECT AND SHALL LIST ANY FEES  
14     AND PENALTIES ASSOCIATED WITH SUCH SERVICE.

15     S 2. The banking law is amended by adding a new section 458 to read as  
16     follows:

17     S 458. ACCOUNT NOTIFICATIONS. 1. WHERE A BANKING INSTITUTION UNDER  
18     THIS ARTICLE OFFERS ITS CUSTOMERS OR DEPOSITORS OVERDRAFT PROTECTION, OR  
19     ANY OTHER SIMILAR SERVICE WHEREIN THE BANKING INSTITUTION CHARGES A FEE  
20     TO PREVENT ACCOUNT PENALTIES FOR INSUFFICIENT FUNDS, SUCH INSTITUTION  
21     SHALL NOTIFY SUCH CUSTOMER OR DEPOSITOR WHENEVER SUCH SERVICE IS  
22     EMPLOYED TO PREVENT ACCOUNT PENALTIES.

23     2. A BANKING INSTITUTION SHALL IMMEDIATELY NOTIFY A CUSTOMER OR DEPOS-  
24     ITOR OF THE INSUFFICIENCY OF FUNDS IN SUCH INDIVIDUAL'S ACCOUNT OR  
25     ACCOUNTS VIA ELECTRONIC MAIL, OR IF THE INDIVIDUAL PREFERS, THROUGH ANY  
26     OTHER METHOD OF NOTIFICATION. SUCH NOTIFICATION SHALL STATE THAT THE  
27     BANK'S OVERDRAFT SERVICE HAS GONE INTO EFFECT AND SHALL LIST ANY FEES  
28     AND PENALTIES ASSOCIATED WITH SUCH SERVICE.

29     S 3. This act shall take effect immediately.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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