

# STATE OF NEW YORK

9340

## IN ASSEMBLY

March 6, 2024

Introduced by M. of A. LEE -- read once and referred to the Committee on Consumer Affairs and Protection

AN ACT to amend the general business law, in relation to peer-to-peer mobile payment service security; and to amend the financial services law, in relation to authorizing the financial frauds and consumer protection unit to enforce such provisions

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. This act shall be known and may be cited as the "Financial  
2 App Security Act".

3 § 2. The general business law is amended by adding a new section 399-  
4 jj to read as follows:

5 § 399-jj. Peer-to-peer mobile payment service security. 1. For the  
6 purposes of this section:

7 (a) "Peer-to-peer mobile service" means any app or app service that  
8 allows users to send and receive money from their mobile devices through  
9 a linked bank account or credit card or debit card using only a recipi-  
10 ent's cell phone number or email address.

11 (b) "Biometric authentication" means either fingerprint or face iden-  
12 tification for access to a service, or verification of an in-app action.

13 2. Every peer-to-peer mobile service shall require users to create a  
14 personal identification code associated with the user's account that is  
15 a minimum of four alpha-numeric characters associated with the user's  
16 account. When certain actions are taken, including but not limited to,  
17 actions defined in subdivision four of this section, the personal iden-  
18 tification number must be used to authenticate the user's identity. The  
19 use of such personal identification code may not be substituted for any  
20 form of biometric authentication.

21 3. Every peer-to-peer mobile service shall require users to set a  
22 monetary amount for intended transfers above which the use of a personal  
23 identification number will be required to authenticate the user's iden-  
24 tity.

25 4. The following actions require use of a personal identification  
26 number when using a peer-to-peer mobile service:

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

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1 (a) any payment transaction initiated by the user exceeding the monetary  
2 limit set by said user;

3 (b) payment transactions initiated by the user that would bring said  
4 users twenty-four-hour payment transaction amount exceeding the monetary  
5 limit set by said user starting from the first transaction;

6 (c) payment transactions initiated by the user to another user whose  
7 account was created less than twenty-four hours prior to said trans-  
8 action;

9 (d) payment transactions initiated by the user that appear suspicious  
10 based on said user's behavior and/or geolocation profile as determined  
11 by the service's existing behavioral analytics;

12 (e) any payment transactions initiated by the user after three  
13 successful payment transactions initiated by the user have been made  
14 within sixty minutes for amounts under the user's set monetary limit;

15 (f) any attempt to sign in to the service by the user to a new and/or  
16 unrecognized device;

17 (g) any attempt to sign in to the service after the account password  
18 has been reset in any manner, including but not limited to, password  
19 recovery service offered by the service; and

20 (h) any attempt to sign in to the service by the user after the device  
21 password has been reset.

22 5. A user's account will be locked after five unsuccessful attempts  
23 within a twenty-four hour period to input said user's personal identifi-  
24 cation number when required. The peer-to-peer mobile service can unlock  
25 said account after twenty-four hours if said user is able to verify  
26 their identity through a telephone call.

27 6. Any payment transactions initiated by the user after three success-  
28 ful payment transactions initiated by the user have been made within  
29 sixty minutes after the first successful payment for amounts, despite  
30 the input of the user's correct personal identification number, will  
31 have a forty-eight hour hold before the funds will be released to the  
32 recipient if:

33 (a) any of the transactions exceeds the user's set monetary limit; or

34 (b) the aggregate amount of the transactions exceeds the user's set  
35 monetary limit.

36 7. Any transaction placed on a forty-eight-hour hold can be cancelled  
37 by the user making the payment in the event of fraud or user-error after  
38 timely notification is made to the peer-to-peer mobile service.

39 8. Any peer-to-peer mobile service that does not comply with this  
40 section is prohibited from offering its services to users residing in  
41 the state of New York.

42 § 3. Subsection (b) of section 403 of the financial services law is  
43 amended to read as follows:

44 (b) The financial frauds and consumer protection unit shall be a qual-  
45 ified agency, as defined in section eight hundred thirty-five of the  
46 executive law, to enforce the provisions of this article and article  
47 four of the insurance law and article II-B of the banking law and  
48 section 399-jj of the general business law.

49 § 4. This act shall take effect on the sixtieth day after it shall  
50 have become a law.