

STATE OF NEW YORK

9661

IN SENATE

March 31, 2026

Introduced by Sen. FAHY -- read twice and ordered printed, and when printed to be committed to the Committee on Internet and Technology

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
8 provided directly to users by an entity that is not an insured deposito-
9 ry institution and that:

10 (1) directly or indirectly receives and holds money belonging to
11 users, or that facilitates transactions between insured depository
12 institutions but exists separately from said institutions; and

13 (2) whose primary functionality is to allow users to send and receive
14 money through their mobile devices from a linked bank account or credit
15 card or debit card using a recipient's cell phone number or email
16 address or username.

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

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

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

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1 3. Every peer-to-peer mobile service shall require users to set a
2 monetary amount for intended transfers above which the use of a personal
3 identification number will be required to authenticate the user's iden-
4 tity and provide an option for users to opt-in of such requirement.

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

7 (a) any payment transaction initiated by the user exceeding the mone-
8 tary limit set by said user;

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

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

15 (d) any payment transactions initiated by the user after three
16 successful payment transactions initiated by the user have been made
17 within sixty minutes for amounts under the user's set monetary limit;

18 (e) any attempt to sign in to the service by the user to a new and/or
19 unrecognized device; and

20 (f) any attempt to sign in to the service after the account password
21 has been reset in any manner, including but not limited to, password
22 recovery service offered by the service.

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

29 6. Any payment transactions initiated by the user after three success-
30 ful payment transactions initiated by the user have been made within
31 sixty minutes after the first successful payment to the same recipient
32 for amounts, despite the input of the user's correct personal identifi-
33 cation number, will require additional identity verification of the
34 recipient if:

35 (a) any of the transactions exceed the greater amount of either the
36 user's set monetary limit or one thousand dollars; or

37 (b) the aggregate amount of the transactions exceed the greater amount
38 of either the user's set monetary limit or one thousand dollars; or

39 (c) the recipient is a first time transaction to the user.

40 7. Any transaction that could be the result of fraud can be cancelled
41 by the user making the payment after timely notification is made to the
42 peer-to-peer mobile service.

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

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

48 (b) The financial frauds and consumer protection unit shall be a qual-
49 ified agency, as defined in section eight hundred thirty-five of the
50 executive law, to enforce the provisions of this article and article
51 four of the insurance law and article II-B of the banking law and
52 section three hundred ninety-nine-jj of the general business law.

53 § 4. This act shall take effect on the one hundred eightieth day after
54 it shall have become a law.