§ 9-y. Order of payment of checks and other debits, insufficient funds charges and return deposit item charges. 1. Order of paying checks. (a) Notwithstanding any law, rule or regulation to the contrary, every banking organization that provides checking services to consumer accounts shall either pay checks in the order wherein they are received or pay checks from smallest to largest dollar amount for each business day's transactions.

(b) If a check is dishonored for insufficient funds and thereafter smaller checks which could be paid are received, the smaller checks shall be honored within amounts on deposit in the subject account.

(c) The banking organization shall disclose to consumers in writing the order in which checks are drawn. The written disclosure shall be provided to the consumer at the time the account is opened and prior to any change in such policy.

(d) The superintendent shall promulgate rules and regulations necessary for the implementation of this section.

2. Regulation of other consumer account transactions and associated fees. (a) The superintendent shall have the power to prescribe by regulation:

i. the manner in which banking organizations process debit and credit transactions, other than those specified in subdivision one of this section, for consumer accounts maintained at such organization;

ii. the charges that may be imposed in connection with a check drawn or other written order upon, or electronic transfer sought to be effectuated against, insufficient funds or uncollected balances in a consumer account, whether or not the banking organization pays such check, written order, or electronic transfer;

iii. the charges that may be imposed in connection with a check or other written order received by a banking organization for deposit or collection drawn against a consumer account and subsequently dishonored and returned for any reason by the drawee;

iv. disclosures provided to consumers regarding the processing of

transactions in a consumer account and the associated fees; and

v. alerts, notices, and other disclosures relating to the imposition or possible imposition of a charge as provided in subparagraphs ii and iii of this paragraph.

(b) In prescribing regulations regarding the manner in which banking organizations process debit or credit transactions, or the charges that may be imposed pursuant to subparagraphs ii or iii of paragraph (a) of this subdivision, the superintendent shall consider, at a minimum, the following factors:

i. the cost incurred by the banking organization, in providing any services associated with such charges;

ii. the competitive position of the banking organization; and

iii. the maintenance of a safe and sound banking organization that protects the public interest.

3. Definition. As used in this section, "consumer accounts" means accounts at banking organizations established by natural persons primarily for personal, family or household purposes.