



PA 22-77—sHB 5216

Banking Committee

AN ACT CONCERNING LOW-COST BANK ACCOUNTS

SUMMARY: This act requires certain banking institutions to offer Connecticut residents a “basic banking account” beginning July 1, 2023. These accounts must:

1. offer at no additional charge a debit card, in-network ATM access, deposits, check cashing for checks issued by the institution where the consumer holds the account, and electronic monthly statements and
2. not charge fees for overdraft; insufficient funds; account activation, closure, dormancy, or inactivity; or low balance.

Among other things, the accounts must also not require a:

1. minimum initial deposit of more than \$25;
2. minimum balance to maintain the account of more than \$25; or
3. maintenance charge of more than \$10 per periodic cycle (e.g., monthly billing cycle).

The act applies to all “banking institutions,” which are banks, trust companies, savings banks, savings and loan associations, credit unions, or foreign bank branches insured by the Federal Deposit Insurance Corporation or National Credit Union Administration, as applicable.

Lastly, the act requires the banking commissioner, in evaluating banks and credit unions for compliance with the federal Community Reinvestment Act (CRA), to provide credit to banks or credit unions for offering these accounts.

EFFECTIVE DATE: January 1, 2023

BASIC BANKING ACCOUNTS

Under the act, a basic banking account must be a “consumer transaction account” (i.e., demand deposit account, negotiable order of withdrawal account, share draft account, or similar personal, family, or household account).

Terms and Conditions

These accounts may be offered subject to the same rules, conditions, and terms normally applicable to the consumer transaction account offered by the financial institution that is most similar to its basic banking account.

The act specifies that it does not require basic banking accounts to include any more enhanced account features, including preferred or incentive interest rates or rewards programs.

Overdrafts

OLR PUBLIC ACT SUMMARY

Under the act, the terms and conditions of a basic banking account may allow the institution to not pay any check, electronic transaction, or other transaction that would overdraw the account.

Disclosures

The act requires a banking institution that publicly posts notices that it offers consumer transaction accounts other than basic banking accounts to post equally conspicuous notices, in the same areas and manner, indicating that it also offers basic banking accounts. Similarly, the banking institutions must make descriptive material about basic banking accounts available in the same manner and public areas as it does for its other consumer transaction accounts.

Additionally, a banking institution that posts these notices must also post, in an equally conspicuous way and in the same public areas and manner, the Department of Banking's toll-free consumer hotline telephone number that can be used to file customer complaints.

Alternative Accounts

In place of the basic banking account, the act allows a banking institution to offer an alternative account or other banking services that the banking commissioner deems an appropriate substitute. Additionally, any bank that offers a consumer transaction account providing the core features in the Bank On National Account Standards, or any similar standards as the commissioner determines, is deemed in compliance with the act.