

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

House Bill 498 (Delegate Braveboy)  
Economic Matters

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**Financial Institutions - Automated Teller Machine Check Deposits - Mandatory Review**

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This bill requires that an employee of a State-chartered banking institution or State-chartered credit union review each check deposited into an account through the use of an automated teller machine (ATM) within five business days of the date of deposit. The employee must verify that (1) the name of the payee stated on the check matches the name of at least one of the applicable account holders or (2) the check was endorsed by the payee stated on the check.

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**Fiscal Summary**

**State Effect:** The bill does not directly affect State governmental operations or finances.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** A State-chartered banking institution or credit union may have an ATM at a location other than the principal office or branch. If the banking institution or credit union plans on opening an ATM at the alternate location, it must provide the Commissioner of Financial Regulation with written notice of this intent at least 15 days before installation. An ATM is authorized to receive and dispense money as instructed by a customer. A banking institution or credit union may verify by direct wire transmission any ATM transaction.

If the commissioner determines that the operation of an ATM is unlawful or otherwise inconsistent with safety and soundness and the security of transactions, the commissioner must give the banking institution or credit union notice of the deficiency, at which point the operation of the ATM must stop. The banking institution or credit union may only resume use of the ATM once the commissioner determines that the deficiency has been corrected. Under statute, an ATM is not considered to be a branch of a banking institution or credit union.

**Background:** The bill affects State-chartered banks and State-chartered credit unions, which represent less than 40% of all deposits in the State. The bill does not affect federally chartered banks, thrifts, or credit unions. All financial institutions, both State and federal, as a matter of policy, retrieve all ATM deposits the next banking day at the latest and deposit checks into the listed account as instructed by the ATM depositor using information from a deposit slip.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

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Analysis by: Michael F. Bender

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510