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Senate Bill 160 - Financial Institutions – Security Questions and Measures

Finance Committee

February 4, 2020

SUPPORT WITH AMENDMENT

Senate Bill 160 requires a financial institution to allow a customer to choose from at least two options for each security question if the customer is required to provide an answer to a security question in connection with the provision of an account. The bill also prohibits a financial institution from using a customer's mother's maiden name as a means of safeguarding access to the account.

The Chamber supports the first portion of the bill; more than one option for a security question ensures the consumer is able to choose a question that best suits their individual needs. However, the prohibition of the use of a mother's maiden name is unnecessarily burdensome and has potential legal ramifications.

There is a concern that this bill could only pertain to State Chartered Banks, as Federal Chartered Banks follow the rules of the federal government. This prohibition could potentially cause issues with not only banks, but credit card companies, and other Federal Chartered Institutions. Finally, there is a cost associated with this prohibition as banks, credit card companies, and others, would have to change the security questions on their respective websites.

For the aforementioned reasons, **the Chamber supports Senate Bill 160 with an amendment and respectfully urges a favorable report.**

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