



SB 238- Consumer Protection - Banking Institutions - Unauthorized Debit Transactions (Consumer Bank Deposits Protection Act)

February 9, 2021

LETTER OF INFORMATION

Chairwoman Kelley, Vice-Chair and members of the committee, thank you for the opportunity to provide informational testimony for Senate Bill 238. This bill provides greater opportunity for consumers to settle unauthorized debit card transaction complaints.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Issues around banking and unauthorized transactions are experienced by many low-income consumers in Maryland. Around 20%¹ Marylanders are underbanked. This means there are individuals that do not have sufficient access to traditional banking services. This leads to consumers moving between traditional banks, credit unions, and alternative financial services. Black and brown communities are the most affected by the negative impact of being underbanked².

Underbanked communities need to juggle different regulations and regulatory institutions if they encounter an issue. There can be a breakdown in communicating to consumers about unauthorized charges and the resolution process. There are many regulatory institutions that work together with banks and credit unions to resolve problems. This and other aspects make the complaint process long and confusing. Consumers can be left feeling like their complaints were not appropriately addressed.

A major issue is when transactions are determined as authorized or when the consumer does not want to complete certain processes, like filing a police report. Unfortunately, in some cases, family members are the ones making the unauthorized charges. There are not many ways to settle these disputes without making a police report. This can lead to consumers not recovering lost funds, which negatively affects their finances. **More actions are needed to extensively address consumer's problems with banking and transactions.**

For many reasons, consumers are in danger for having unauthorized transactions on their debit card. Unauthorized charges can be stressful and difficult for consumers to address. Individuals are relying on their debit card to make purchases more due to the coin shortage and COVID-19. Due to different complications from the COVID-19 pandemic, unauthorized charges could go unnoticed for longer amounts of time. This could be due to medical emergencies or other circumstances. Actions should be taken to ensure that consumers have support during this time.

CASH encourages Maryland to continue to make banking safe and accessible.

¹ Prosperity Now Report Card 2019

² <https://economicinclusion.gov/surveys/place-data.html?where=Maryland&when=2019>