

February 19, 2015

To: Members of the Banks Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

Re: Proposed S.B. No. 318 AN ACT CONCERNING FEES FOR UTILIZING BANK TELLERS

Re: Proposed H.B. No. 5972 AN ACT PROHIBITING CERTAIN MONTHLY DEBIT CARD CHARGES

Position: Oppose

Senate Bill 318 would prohibit a bank from charging any fee for using a bank teller for transactions and House Bill 5972 would prohibit certain fee from being charged on debit cards. The CBA respectfully opposed both these bills for the following important reasons.

Due to national banking law, these bills would only impact state chartered banks. Federally chartered banks are exempt from any state legislated price controls under 12 CFR 7.4002.

That law clearly preempts state law and indicates that any national bank "May charge non interest charges and fees including deposit account service charges" and the courts have upheld this as the law of the land.

The result of both bills, would be to create an unlevel playing field that would negatively affect only state chartered banks. Even more telling is that over seventy-eight percent of the state's deposit accounts are in federally chartered banks – so the bill would miss a huge percentage of deposit accounts across the state.

Customers are always provided with federal Truth in Savings disclosures prior to opening an account. That mandated disclosure describes the deposit products and allows customers to shop products within the bank and between different banks competing for that business. Competition between banks drives the development of these products and customers have ample pricing choices.

With regards to SB 318 and it's prohibition of teller fees, many banks specifically, and favorably for the consumer, price their deposit products for internet or online customers – because that's what that group of customers want. That favorable pricing is usually because the bank doesn't need to have as many staff available to process teller transactions. As online banking expands, new branches are smaller in size and those branches have less transaction demand. Hence, banks need to have flexible pricing and deposit products.

For all the above reasons we urge you opposition to SB 318 and HB 5972.