

Banking Committee JOINT FAVORABLE REPORT

Bill No.: HB-5214

AN ACT CONCERNING THE CLOSING OF ACCOUNTS AT FINANCIAL
Title: INSTITUTIONS.

Vote Date: 3/8/2022

Vote Action: Joint Favorable Substitute

PH Date: 3/1/2022

File No.:

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SPONSORS OF BILL:

Banking Committee

REASONS FOR BILL:

Banks are currently able to close accounts without any notice and without informing the customer of the reason for the closing. This bill would increase transparency in the banking system and decrease opportunities for discrimination and unfair practices by requiring banks to inform the customer of the closing of an account and the reason for the closure.

JFS Language- Added an exception that would allow the bank to withhold the reason for an account closure in the case of an investigation being done by a federal agency or law enforcement.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed

NATURE AND SOURCES OF SUPPORT:

Jonathan Klein, Attorney – Parlatore Law Group

Many banks include fine print that allows them to close any bank account for any reason without notice. In addition to this, banks that are becoming larger view doing business with small depositors and processing cash transactions as less favorable. With the clause that allows them to close a bank account at will, these banks are able to close small and minority-run business customers without any notice or reason. This legislation promotes transparency within the banking system and increases accountability for banks.

NATURE AND SOURCES OF OPPOSITION:

Tom Mongellow, Art Corey, and Fritz Conway – Connecticut Bankers Association

This legislation would create a disparity between state-chartered banks and federally-chartered banks. There are times when disclosing the reason for closing an account could create risks to the bank or other persons. When bank accounts are closed due to suspected or confirmed illegal activity, the bank may be prohibited by law from disclosing facts or suspicions to the customer. There are also cases where an account closing notice could cause retaliation by the customer and could endanger the bank employees. Banks should have the ability to be flexible with each account closing notice in a way that does not violate any law and protects the bank, the customers, and the employees.

Reported by: Dawn Marzik

3/17/98