



New York State Law Amended to Allow Additional Withdrawals at No Charge from Basic Banking Accounts for Depositors Age 65 and Older

September 25, 2019

Effective November 12, 2019, the number of withdrawal transactions per periodic cycle that must be allowed at no additional charge from Basic Banking Accounts in New York State will increase from 8 to 12 for account holders 65 years of age and older.

Section 14-f(2) of the New York Banking Law requires banks and credit unions in New York to offer Basic Banking Accounts to consumers. A Basic Banking Account is a consumer transaction account used primarily for personal, family or household purposes. The New York State Department of Financial Services (“DFS”) currently sets forth the following criteria for a Basic Banking Account:

1. The minimum initial deposit amount required to open the account cannot exceed \$25;
2. The minimum balance required to maintain the account cannot exceed \$.01;
3. The charge per periodic cycle for the maintenance of the account cannot exceed \$3.00; and
4. Account holders must be allowed at least 8 withdrawals per periodic cycle at no additional charge (withdrawals include checks, ATM withdrawals and purchases using a debit card attached to the account).

Pursuant to a new law signed by Governor Cuomo, a change has been made to the fourth criteria stated above. Effective November 12, 2019, an account holder age 65 or older must be allowed 12 withdrawal transactions per periodic cycle at no additional charge. An account holder under 65 can still be limited to 8 withdrawal transactions per cycle at no additional charge.

It is expected that the DFS will update Part 9 of its regulations to reflect this statutory change on Basic Banking Accounts, but the change will take effect on November 12, 2019 even if the regulatory change is not made by then.

One compliance and operational challenge for financial institutions with respect to this change in the law is to make sure that an account holder who is under 65 is given the extra transactions at no additional charge once that account holder turns 65.

The New York State Senate website showing both the current and amended provisions of Section 14-f(2) can be found [here](#).

If you have any questions regarding basic banking account or deposit issues in general, please feel free to contact Mandy Xu at (516) 357-3850 or via email at mxu@cullenanddykman.com, Joseph D. Simon at (516) 357-3710 or via email at jsimon@cullenanddykman.com, Kevin Patterson at (516) 296-9196 or via email at kpatterson@cullenanddykman.com, or Elizabeth A. Murphy at (516) 296-9154 or via email at emurphy@cullenanddykman.com.

Practices

- Banking and Financial Services

Attorneys

- Elizabeth A. Murphy
- Joseph D. Simon
- Kevin Patterson