



New York State Assembly

Carl E. Heastie, Speaker

ANNUAL REPORT 2015

A dark blue silhouette of a city skyline, including various skyscrapers and buildings, positioned behind the large white text of the title.

Committee on

Banks

Annette M. Robinson, Chairwoman



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

COMMITTEES
Aging
Children and Families
Housing
Oversight, Analysis and
Investigation
Real Property Taxation
Small Business

ANNETTE M. ROBINSON
Assemblywoman 56th District
Kings County

CHAIR
Banks Committee

December 15, 2015

The Honorable Carl E. Heastie
Speaker of the Assembly
State Capitol, Room 349
Albany, NY 12248

Dear Speaker Heastie:

I am pleased to submit the 2015 Annual Report for the Assembly Standing Committee on Banks.

The Standing Committee on Banks made significant progress during the 2015 legislative session despite the challenge of a dual banking charter. The Committee reported legislation that aimed to maintain and enhance the vitality of our State's financial industry, to protect consumers' financial interests and rights, to foster competition, and to ensure sound operations within the industry.

The Committee's significant accomplishments in 2015 included: establishing a new loan product to encourage personal savings; and clarification of how the Superintendent of the Department of Financial Services determines fields of membership for Credit Unions and the types of investments Credit Unions may make.

It is a pleasure serving as Chairwoman of the Assembly Banks Committee. I greatly appreciate your continued support and encouragement, the cooperation of my Assembly colleagues especially those who are Banks Committee members, and the hard work and dedication of our Committee staff.

I am looking forward to a productive 2016 Legislative Session.

Sincerely,

Annette M. Robinson, Chairwoman
Assembly Banks Committee

**2015 ANNUAL REPORT
NEW YORK STATE ASSEMBLY
STANDING COMMITTEE ON BANKS**

Annette M. Robinson
Chairwoman

Banks Committee Members

Majority

N. Nick Perry
William Magee
Peter J. Abbate, Jr.
Karim Camara
Michael Miller
David Weprin
Robert Rodriguez
Aravella Simotas
Sean Ryan
Michael Kearns
Luis R. Sepulveda
Walter T. Mosley
Mark Gjonaj
Patricia Fahy
Rodneyse Bichotte
Michael Blake
Guillermo Linares
Kimberly Jean-Pierre
Rebecca Seawright
Diana Richardson

Minority

Claudia Tenney,
Ranking Minority Member
James Tedisco
Gary Finch
Andrew P. Raia
Brian Curran
Nicole Malliotakis
Andrew R. Garbarino
Kieran Michael Lalor
Dan Stec

Staff

Aaron Suggs, Assistant Secretary for Program and Policy
Teri Kleinmann, Associate Counsel
Peter Hoffman, Analyst
Colleen Honan, Committee Assistant
Virginia Rawlins, Committee Clerk
Kathleen Quackenbush, Program and Counsel Secretary

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I. Introduction

The New York State Assembly Standing Committee on Banks was established in order to review and initiate legislation that affects financial institutions that operate in New York State. The Committee's statutory purview includes the Banking Law, the General Obligations Law, the Uniform Commercial Code, and the Personal Property Law. Entities under the Banking Law jurisdiction include banks, credit unions, savings banks, savings and loan associations, licensed lenders, licensed cashers of checks, money transmitters, trust companies, safe deposit companies, bank holding companies, sales finance companies, budget planners, mortgage brokers, mortgage bankers, insurance premium finance agencies, and foreign and private banks. The bills within the Banks Committee address a broad range of banking concerns, from both the industry and consumers, including maintaining the competitive balance among financial institutions, protecting customers' interests, providing housing finance, and modifying banking regulations and administration.

During the 2015 legislative session, 63 bills were considered by the Banks Committee. Of these bills, 9 were reported favorably by our committee, 6 passed the Assembly, 3 were signed into law and 0 were vetoed.

II. Major Issues of 2015

A. Industry Issues

Borrow and Save Lending

A6105-A (Robinson) / S.5148-A (Savino)

Chapter 380 of the Laws of 2015

This bill would allow a bank or trust company, with prior approval of the Superintendent of the Department of Financial Services, to offer a loan product that encourages personal savings by requiring a borrower to place a portion of the principal of the loan into an interest-bearing savings account as a condition of the loan. The Superintendent may consider the safety and soundness of the bank or trust company prior to approving a loan product. Factors such as the bank's management, the terms and structure of the loan product, other loans offered and any other factors deemed to be relevant, would be taken into consideration by the Superintendent.

Credit Union Deposit Program

A.774 (Rodriguez) / S.3616 (Funke)

This bill would establish the Credit Union Deposit Program to permit deposits of state monies into state-chartered and federally-chartered credit unions. The bill would require that in order for state-chartered or federally-chartered credit unions to be eligible to receive or renew existing deposits, the credit union must have a current Capital Adequacy, Asset Quality, Management, Earnings, and Asset/Liability Management (CAMEL) rating of satisfactory or better. Federally-chartered credit unions would be required to have their principal office located within New York State to participate in the deposit program and meet certain economic criteria established by the Comptroller and Commissioner of Taxation and Finance. Further, the bill provides that the Comptroller and Taxation and Finance may deposit no more than \$ 250,000,000.

Reported to Assembly Ways and Means Committee

Annual Fees from Licensed Lenders

A.7466 (Linares) / S.5408 (Savino)

Chapter 31 of the Laws of 2015

In 1996, legislation was enacted to authorize licensed lenders to charge annual fees on open end loans. The law further provided that any such fee may not exceed the lesser of 1% of the loan amount or \$50. This 1996 law contained a sunset date of June 30, 2000. Legislation was enacted in 2000 to extend this authority for another five years, and legislation was enacted in 2005, 2007, 2009, 2011 and 2013 to extend this authority for an additional two years. The provisions of the 1996 law were scheduled to expire on June 30, 2015. This bill would extend the provisions of the 1996 law for another two years.

B. Regulatory Issues

Pension Loan Advancements

A.986 (Rodriguez)

This bill would direct the Department of Financial Services (DFS) to examine the licensure of, limits on fees and interest, and disclosure practices relating to the business practice of providing pension loan advancements. The bill would require DFS to submit a report to the Governor and Legislature, no later than January 1, 2016, containing findings, conclusions and recommendations, including any policy or legislative recommendations as they relate to the practice of pension loan advancements.

Passed the Assembly

Low-Income Communities Banking Services Report

A.5980 (Crespo) / S.0575 (Squadron)

This bill would require the New York State Superintendent of Financial Services to study and issue a comprehensive report on banking products and services offered in low-income communities and on the impact of traditional banks, credit unions, and check cashers services serving low-income communities. The study and report would be required to address the following issues:

1. How products and services that are offered in low-income communities differ from those offered in higher-income communities;
2. Whether different fees are charged by financial service providers for products and services in low-income communities and in high-income communities;
3. Whether different interest rates are instituted by financial service providers for products and services in low-income communities versus high-income communities;
4. Review the impact of payday loans within low-income communities, the prevalence of such loans and the interest rates charged for such loans to the extent of information available; and
5. Review impact and current relevance of the state and federal Community Reinvestment Act as it affects low-income communities and banking and financial services.

The report would be made to the Governor, the Speaker of the Assembly, and the Temporary President of the Senate no later than January 1, 2017.

Passed the Assembly

C. Consumer Products Protection and Convenience

Mail Loan Checks

A.1645 (Pretlow)/ S.4028 (Sampson)

This bill would prohibit lending institutions from issuing mail loan checks without a request or application from the consumer. Additionally it would require any lending institution which issues mail-loan checks to include on the face of each check issued to a non-customer, a written statement, in legible type reading, "one form of valid photographic ID needed to cash or deposit." Institutions must also include information about any transaction fees and interest rates, print checks with an expiration date of not more than six months, make no reference on the outside of the envelope that indicates it contains a mail-loan check, and clarify that all mail-loan checks are non-transferable. Institutions would also be required to clarify that failure to destroy or return a mail-loan check would not constitute acceptance of the check.

Advanced to third reading

Increase Number of No-Charge Transactions for Seniors

A.4534 (Clark)

This bill would increase the minimum number of banking withdrawal transactions made at no charge to the customer during one periodic cycle from eight to twelve transactions for those over the age of sixty-five.

Passed the Assembly

Pay Checks in Order Received

A.4981 (Robinson) / S.0794 (Breslin)

This bill would require every banking institution maintaining checking accounts to pay checks in the order received; provided, however, if a check is dishonored for insufficient funds and thereafter smaller checks which could be paid are received, the smaller checks shall be honored within the amounts on deposit.

Advanced to third reading

III. Banking Committee 2016 Outlook

The Assembly Majority and the Committee's pursuit of consumer protection initiatives are taken in order to provide a fair playing field for both consumers and financial institutions. The New York State Assembly Standing Committee on Banks will continue to pursue an agenda that responds to the banking industry and consumers' needs and concerns.

During the 2016 legislative session, the Assembly Banks Committee will continue in its efforts to create legislation that broadens access to business credit, increases financial literacy, and protects financial institutions and consumers from theft and fraud. The Committee will also examine safe alternative financial products to unmet short-term lending needs in communities throughout New York, as well as the ongoing protection of the elderly from financial exploitation and deed theft.

The Bank Committee will continue to work on strengthening the New York State banking charter not only for our state-chartered banks doing business here, but for other banking institutions that may be considering obtaining state charter in New York. New York is the financial capital of the United States, and a strong state banking charter is an important asset to its continued strength.

The Committee will also continue to work toward the goal of ensuring access to fair and responsible credit for all borrowers and small businesses in order to strengthen our economy and improve opportunities for all residents of the state.

IV. Hearing: Small Business Access to Credit

According to the Federal Reserve Banks of New York, Atlanta, Cleveland and Philadelphia's 2014 Small Business Credit Survey (SBCS) report, "lack of credit" and "uneven cash flow" were in the top three concerns for firms in all stages of development, from "startups" (in business for less than 5 years) to "growers" (profitable businesses with increased revenues) to "mature" businesses (more than 5 years in business, over 10 employees and holds debt). New York State led the survey with 36% of firms reporting using personal savings as their primary source of funding.

The New York State Assembly Standing Committees on Banks and Small Business held a hearing in New York City on December 17, 2015, on the state of small business access to credit, taking testimony from witnesses representing the New York Bankers Association, New York Credit Union Association, National Federation of Community Development Credit Unions, National Association of Women Business Owners, and the Business Center for Bedford Stuyvesant Restoration Corporation. Witnesses discussed the problems small business are having accessing credit, including the fact that the industry is moving on-line and challenges involved with that transition.

Appendices

**APPENDIX A
SUMMARY OF ACTIONS ON ALL BILLS
REFERRED TO THE COMMITTEE ON BANKS
DURING THE 2015 LEGISLATIVE SESSION**

<u>FINAL ACTION</u>	<u>ASSEMBLY BILLS</u>	<u>SENATE BILLS</u>	<u>TOTAL BILLS</u>
BILLS REPORTED WITH OR WITHOUT AMENDMENT			
TO FLOOR; NOT RETURNING TO COMMITTEE (FAVORABLE)	3		3
TO WAYS AND MEANS	4		4
TO CODES	2		2
TO RULES	0		0
TO JUDICIARY	0		0
TOTAL	9		9
BILLS HAVING COMMITTEE REFERENCE CHANGED			
TO	0		0
TOTAL	0		0
SENATE BILLS SUBSTITUTED OR RECALLED			
SUBSTITUTED		1	1
RECALLED		0	0
TOTAL		1	1
BILLS DEFEATED IN COMMITTEE	0	0	0
BILLS HELD FOR CONSIDERATION WITH A ROLL- CALL VOTE	0	0	0
BILLS NEVER REPORTED, HELD IN COMMITTEE (Resolutions Incl.)	53	10	63
BILLS HAVING ENACTING CLAUSES STRICKEN	0	0	0
MOTIONS TO DISCHARGE LOST	0	0	0
TOTAL BILLS IN COMMITTEE	63	11	74

TOTAL NUMBER OF COMMITTEE MEETINGS HELD	4
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**APPENDIX B
SUMMARY OF FINAL ACTIONS ON BILLS
REPORTED BY THE BANKS COMMITTEE**

Assembly Bill Number (Sponsor)	Senate Bill Number (Sponsor)	Final Action	Description
A.774 (Rodriguez)	S.3616 (Funke)	Referred to Ways and Means	Authorizes the State to place funds in credit unions in order to support and promote local economic activity.
A.986 (Rodriguez)	No Senate Sponsor	Passed Assembly	Directs the department of financial services to study, evaluate and make recommendations concerning businesses engaged in pension loan advancements
A.1348 (Robinson)	S.1808 (Griffo)	Chapter 153	Makes technical corrections, establishes responsibilities of the Superintendent of the Department of Financial Services to consider a credit union's record and future commitment to serving underserved areas and low to moderate income individuals, and makes changes to investments considered permissible by a credit union.
A.1645 (Pretlow)	S.4028 (Sampson)	Advanced to 3 rd Reading	Prohibits banking organizations from issuing mail-loan checks without request or application therefor; provides that failure to destroy or return a mail-loan check does not constitute an acceptance thereof; provides that mail-loan checks shall have the transaction fee and interest rate included on the check.
A.4534 (Clark)	No Senate Sponsor	Passed Assembly	Increases the minimum number of banking withdrawal transactions made at no charge to the customer during one periodic cycle from eight to twelve transactions for those over the age of sixty-five.

APPENDIX B - Cont.

A.4981 (Robinson)	S.794 (Breslin)	Advanced to 3 rd Reading	Requires every banking institution maintaining checking accounts to pay checks in the order received; provided, however, if a check is dishonored for insufficient funds and thereafter smaller checks which could be paid are received, the smaller checks shall be honored within the amounts on deposit.
A.5980 (Crespo)	S.575 (Squadron)	Passed Assembly	Requires the Superintendent of the Department of Financial Services to study and issue a comprehensive report on banking products and services offered in low-income communities and on the impact of traditional banks, credit unions and check cashers services serving low-income communities; outlines requirements of report.
A.6105-A (Robinson)	S.5148-A (Savino)	Chapter 380	Allows a bank or trust company, with prior approval of the Superintendent of the Department of Financial Services, to offer a loan product that encourages personal savings by requiring a borrower to place a portion of the principal of the loan into an interest-bearing savings account as a condition of the loan.
A.7466 (Linares)	S.5408 (Savino)	Chapter 31	Extends provisions authorizing licensed lenders to charge annual fees on open end loans, provided that any such fee may not exceed the lesser of 1% of the loan amount or \$50.

APPENDIX C
SUMMARY OF LAWS ENACTED DURING THE
2015 LEGISLATIVE SESSION

Assembly Bill Number (Sponsor)	Senate Bill Number (Sponsor)	Final Action	Description
A.1348 (Robinson)	S.1808 (Griffo)	Chapter 153	Makes technical corrections, establishes responsibilities of the Superintendent of the Department of Financial Services to consider a credit union's record and future commitment to serving underserved areas and low to moderate income individuals, and makes changes to investments considered permissible by a credit union.
A.6105-A (Robinson)	S.5148-A (Savino)	Chapter 380	Allows a bank or trust company, with prior approval of the Superintendent of the Department of Financial Services, to offer a loan product that encourages personal savings by requiring a borrower to place a portion of the principal of the loan into an interest-bearing savings account as a condition of the loan.
A.7466 (Linares)	S.5408 (Savino)	Chapter 31	Extends provisions authorizing licensed lenders to charge annual fees on open end loans, provided that any such fee may not exceed the lesser of 1% of the loan amount or \$50.