

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 328 Session of
2011

INTRODUCED BY THOMAS, CLYMER, JOSEPHS, KAVULICH AND SWANGER,
JANUARY 31, 2011

REFERRED TO COMMITTEE ON COMMERCE, JANUARY 31, 2011

AN ACT

1 Providing guidelines for preauthorized electronic funds
2 transfers for financial institutions.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Preauthorized
7 Electronic Funds Transfers Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Consumer." An individual holding an active banking account
13 with a financial institution within this Commonwealth.

14 "Department." The Department of Banking of the Commonwealth.

15 "Financial institution." A bank, savings association, credit
16 union or any other person operating within this Commonwealth
17 that directly or indirectly holds an account belonging to a
18 consumer or that issues an access device and agrees with a

1 consumer to provide electronic funds transfer services.

2 "Preauthorized electronic funds transfer." An electronic
3 funds transfer authorized in advance to recur at substantially
4 regular intervals.

5 Section 3. Preauthorized electronic funds transfers.

6 (a) Requirements.--

7 (1) A preauthorized electronic funds transfer from a
8 consumer's account must be authorized by the consumer in
9 writing, and the financial institution shall provide a copy
10 of the authorization to the consumer when made.

11 (2) A financial institution shall provide a consumer
12 with reasonable advance notice of the pending transfer so as
13 to provide, if necessary, adequate time to stop payment of a
14 preauthorized electronic funds transfer.

15 (b) Stop payment.--

16 (1) A consumer may stop payment of a preauthorized
17 electronic funds transfer by notifying the financial
18 institution orally or in writing at any time up to three
19 business days preceding the scheduled date of such transfer.

20 (2) The financial institution may require written
21 confirmation to be provided to it within 14 days of an oral
22 notification if, when the oral notification is made, the
23 consumer is advised of such requirement and the address to
24 which such confirmation should be sent.

25 Section 4. Regulations.

26 The department may promulgate regulations to administer this
27 act. Until final regulations are adopted, the department shall
28 regulate financial institutions under interim guidelines
29 consistent with this act.

30 Section 5. Effective date.

1 This act shall take effect in 60 days.