

**Assembly Bill No. 2017**

**CHAPTER 509**

An act to add Chapter 5.5 (commencing with Section 530) to Division 1 of the Financial Code, relating to financial institutions.

[Approved by Governor September 24, 2024. Filed with Secretary of State September 24, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2017, Grayson. Banks and credit unions: nonsufficient funds fees.

Existing law, the Banking Law, defines and regulates banks and commits the enforcement of banking laws to the Commissioner of Financial Protection and Innovation. Existing law, the California Credit Union Law, defines and regulates credit unions and commits enforcement of credit union laws to the commissioner. Existing law requires a bank or credit union subject to the examination authority of the commissioner to report annually, on or before March 1, to the commissioner on the amount of revenue earned from overdraft fees and nonsufficient funds fees, as defined, collected in the most recently completed calendar year and the percentage of that revenue as a proportion of the net income of the bank.

This bill would prohibit certain banks and credit unions from charging a consumer a nonsufficient funds fee when the consumer's attempt to initiate a transaction is declined instantaneously or near instantaneously due to nonsufficient funds, as specified.

*The people of the State of California do enact as follows:*

SECTION 1. Chapter 5.5 (commencing with Section 530) is added to Division 1 of the Financial Code, to read:

CHAPTER 5.5. NONSUFFICIENT FUNDS FEES

530. A bank or credit union subject to the examination authority of the commissioner shall not charge a consumer a nonsufficient funds fee, as defined in Section 521, when the consumer's attempt to initiate a transaction is declined instantaneously or near instantaneously by the bank or credit union due to nonsufficient funds.

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