MAINE BANKERS
Association

February 4, 2025

Testimony to the 132nd Maine Legislature
Committee on Health Coverage, Insurance, and Financial Services

Good afternoon, Senator Bailey, Representative Mathieson, and honorable members of the Committee. My name is Josh Steirman and I am here on behalf of the Maine Bankers Association. We are the trade association representing 34 retail banks operating across the State of Maine, with over 9,000 employees in virtually every community state-wide. Last year our banks provided over $2.5 billion in residential real estate loans, and over $3.2 billion in small business loans. Banks are deeply embedded in their communities: last year, bankers volunteered over 145,000 hours, and donated over $18 million to charitable causes. Maine bankers are your neighbors, working to provide a safe place for deposits, modern technology solutions, fraud protection, a home mortgage, or a small business loan.

Today we are testifying in opposition to L.D. 142, *An Act to Prohibit Financial Institutions from Charging Multiple Fees for Attempted Withdrawals Involving Insufficient Funds*.

Banks are subject to a complex and overlapping array of regulations under both federal and state law. This includes regular oversight and examinations from numerous agencies including the Federal Reserve System, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Consumer Financial Protection Bureau, Maine Bureau of Financial Institutions, and more. We are deeply concerned about additional state law which adds undue complexity and conflict to the existing regulatory structure.

Nonsufficient Fund (NSF) fees are already under strict scrutiny from bank regulators. These fees are rarely if ever used, and in the limited circumstances where they may apply, compliance examiners ensure that they are fairly applied and transparently disclosed to the customer.

In many circumstances, a financial institution which is sending payment does not have full control of how a check or other payment is processed into its system. For example, when a check is rejected for insufficient funds, it is often unclear whether the payment was fraudulently entered twice, or if it was re-presented due to processing error. Some external vendors automatically re-process checks; the Federal Reserve System typically processes a check a second time when the first presentment fails. Vendors and processing technologies are not uniform and often do not provide clarity.

There is a clear trend away from NSF fees among banks: many banks do not charge them at all, and banks that do typically regard these fees as a necessary cost of doing business, considering the risk and resource-intensive work of reviewing overdrafts. NSF fees are evolving into obsolescence without legislation.

We thank the Committee for its consideration and are happy to answer any questions.

Respectfully Submitted,
Joshua Steirman
Director of Government Relations