



**Statement of the Massachusetts Bankers Association
in Opposition to H 1151, An Act Relative to Inactive Account Fees
Joint Committee on Financial Services
October 24, 2023**

On behalf of our more than 120 commercial, savings and cooperative banks and federal savings institution members with more than 72,000 employees located throughout the Commonwealth and New England, the Massachusetts Bankers Association (MBA) appreciates the opportunity to submit testimony in opposition to **H 1151 - *An Act Relative to Inactive Account Fees***. This bill prohibits state-chartered banks in Massachusetts from assessing a fee for inactivity on accounts for individuals under 18 years of age or over 65 years of age (18/65 accounts).

By way of background, the Legislature first enacted the 18/65 law in 1984 with the original intent of creating an account for children and senior citizens to protect small account balances from monthly fees or various per item transaction charges. The law requires Massachusetts state-chartered banks to provide traditional checking and savings accounts that have no minimum balance requirements; no charge for deposit or withdrawal; and no fee for the initial order or subsequent refills of the basic line of checks offered by the bank, which shall include the name of the depositor for individuals under 18 and over 65 years old.

H 1151 imposes an additional prohibition on 18/65 accounts by banning any inactive or dormant account fees. These fees, which have been allowed since the program's inception, help some small community banks maintain these accounts. In addition, it is important to note that not every institution charges an inactivity fee on 18/65 accounts or other deposit accounts. Some banks will not charge a fee if the account maintains even a nominal balance while other institutions have done away with these fees entirely. Massachusetts has more than 120 banks and MBA strongly believes that consumers should always shop around to find the account that is appropriate for their financial situation.

It is also important to note that the 18/65 requirement applies only to state-chartered banks. Conversely, state-chartered credit unions and all federally chartered depository institutions are not required to offer these low-cost accounts. In addition, more than 80 local banks participate in the Massachusetts Community and Banking Council's "Basic Banking for Massachusetts" program by offering extremely low-cost accounts to all Massachusetts residents.

For these reasons, MBA strongly opposes **H 1151 - *An Act Relative to the Inactive Account Fees***. We urge the Committee to give the legislation an unfavorable report.