

CHAPTER 295—H.F.No. 2500

An act relating to financial institutions; limiting customer liability for loss or theft of a debit card; amending Minnesota Statutes 1996, section 47.69, subdivision 3.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1996, section 47.69, subdivision 3, is amended to read:

Subd. 3. Every financial institution using an electronic financial terminal shall maintain reasonable procedures to minimize losses from unauthorized withdrawals from its customers' accounts by use of an electronic financial terminal. After a customer makes a bona fide deposit or payment at an electronic financial terminal and has received a receipt, any loss due to theft or other reason shall not be borne by the customer; provided, loss due to the nonpayment or dishonor of a check, or other order for payment, deposited at an electronic financial terminal shall be governed by the applicable provisions of chapter 336. A financial institution shall be liable for all unauthorized withdrawals unless the unauthorized withdrawal was due to the loss or theft of the customer machine readable card, including a debit card, in which case the customer shall be liable, subject to a maximum liability of \$50, for those unauthorized withdrawals made prior to the time the financial institution is notified of the loss or theft. With respect to debit card transactions, this subdivision applies to unauthorized withdrawals made from an electronic financial terminal or from an electronic point-of-sale terminal operated by a retailer, described in section 47.61, subdivision 3, paragraph (b), clause (3). The limitation on liability is effective only if the issuer is notified of unauthorized charges contained in a bill within 60 days of receipt of the bill by the person in whose name the card is issued. For purposes of this subdivision, "unauthorized withdrawal" means a withdrawal by a person other than the customer without actual authority to initiate the withdrawal and from which the customer receives no benefit. The term does not include any withdrawal that is: (1) initiated by a person who was furnished with the card by the customer, unless the customer has notified the financial institution involved that transfers by that person are no longer authorized; (2) initiated with fraudulent intent by the customer or any person acting in concert with the customer; or (3) initiated by the financial institution or its employee.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective August 1, 1998.

Presented to the governor March 17, 1998

Signed by the governor March 18, 1998, 4:32 p.m.

New language is indicated by underline, deletions by strikeout.