



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2029

Introduced 2/9/2023, by Sen. Laura M. Murphy

SYNOPSIS AS INTRODUCED:

205 ILCS 5/48.7 new

Amends the Illinois Banking Act. Provides that a financial institution shall investigate promptly and determine whether fraud has occurred within 10 business days after receiving a notice of fraud. Provides that the financial institution shall report the results of the investigation to the consumer within 3 business days after completing its investigation. Provides that if the financial institution determines that fraud has occurred, the financial institution shall credit the customer with the amount of the fraud within one business day. Provides that if the financial institution is unable to complete its investigation within 10 business days, the financial institution may take up to 45 days after receipt of a notice of fraud to investigate and determine whether fraud has occurred so long as the financial institution provisionally credits the consumer's account in the amount of the alleged fraud, including interest if applicable, within 10 business days after receiving the fraud notice. Provides that if the financial institution has a reasonable basis for believing that fraud has occurred and if the consumer notifies the financial institution within 2 business days after learning of the alleged fraud, then the financial institution may withhold a maximum of \$50 from the amount credited.

LRB103 29110 BMS 55496 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Banking Act is amended by adding
5 Section 48.7 as follows:

6 (205 ILCS 5/48.7 new)

7 Sec. 48.7. Check fraud; investigation.

8 (a) This Section applies only to fraud related to the
9 conventional method for processing paper checks.

10 (b) A financial institution shall investigate promptly and
11 determine whether fraud has occurred within 10 business days
12 after receiving a notice of fraud. The financial institution
13 shall report the results of the investigation to the consumer
14 within 3 business days after completing its investigation. If
15 the financial institution determines that fraud has occurred,
16 then the financial institution shall credit the customer with
17 the amount of the fraud within one business day.

18 (c) If the financial institution is unable to complete its
19 investigation within 10 business days, then the financial
20 institution may take up to 45 days after receipt of a notice of
21 fraud to investigate and determine whether fraud has occurred
22 so long as the financial institution provisionally credits the
23 consumer's account in the amount of the alleged fraud,

1 including interest if applicable, within 10 business days
2 after receiving the fraud notice. If the financial institution
3 has a reasonable basis for believing that fraud has occurred
4 and if the consumer notifies the financial institution within
5 2 business days after learning of the alleged fraud, then the
6 financial institution may withhold a maximum of \$50 from the
7 amount credited. A financial institution need not
8 provisionally credit the consumer's account if the institution
9 requires but does not receive written confirmation within 10
10 business days after an oral notice of error.