



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

FACT SHEET FOR S.B. 1167

social credit; discrimination; financial services

Purpose

Prohibits a financial institution from discriminating in providing financial services or engaging in any prohibited activities. Allows a customer to request a financial institution to provide a written statement of the specific reason for refusal, restriction or termination of service and outlines statement requirements. Grants investigative authority to the Attorney General (AG) and establishes civil penalties.

Background

Statute authorizes and outlines the regulation and operation of banks and financial institutions in Arizona. The Department of Insurance and Financial Institutions licenses, supervises and regulates state-chartered financial institutions and enterprises and is responsible for annual assessments of the financial institutions and enterprises to ensure the safety and stability of the financial services industry ([A.R.S. Title 6](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Prohibits a financial institution from:
 - a) using a social credit score to either directly or indirectly decline to provide full and equal enjoyment in the provision of financial services, including refusing to provide, terminating or restricting financial services; or
 - b) agreeing, conspiring or coordinating, directly or indirectly, through an intermediary, a third party, another person or a group of persons to engage in any prohibited activity.
2. Allows a customer, if a financial institution refuses to provide service or restricts or terminates the customer's service, to request within 90 days the financial institution to provide a written statement of specific reasons for the financial institution's refusal, restriction or termination of service.
3. Allows a customer to request the statement from a customer service representative or designated account representative by telephone, U.S. mail or email.
4. Requires a financial institution to transmit the statement of specific reasons through U.S. mail and email within 14 days of receiving the customer's request and requires the statement to include:
 - a) a detailed explanation of the basis for the denial or termination of service that includes a description of the customer's speech, religious exercise, business activity with a particular industry or any other related conduct;
 - b) a copy of the service terms agreed to by the customer and financial institution; and
 - c) a citation to the specific provisions of the service terms that the financial institution relied on in its decision.

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5. Allows, if the AG has reasonable cause to believe that a financial institution has engaged in, is engaging in or is about to engage in prohibited activity, the AG to investigate as deemed appropriate and, after determining from the investigation that a violation exists, to bring an action in a court of competent jurisdiction.
6. Allows a person harmed by a violation to initiate a civil action to:
 - a) recover actual damages or \$10,000, whichever is greater, for each violation, except that if a trier of fact finds a violation wilful, the damages recoverable increase to an amount up to three times the actual damages sustained or \$30,000, whichever is greater; and
 - b) obtain provisional remedies that include a temporary or permanent injunction, a restraining order or any other necessary enforcement remedy.
7. Requires a court to award a prevailing plaintiff reasonable attorney fees and court costs.
8. Defines terms.
9. Designates this legislation as the *Equality in Financial Services Act*.
10. Becomes effective on the general effective date.

Prepared by Senate Research

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