

SESSION OF 2015

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2352

As Recommended by House Committee on
Financial Institutions

Brief*

HB 2352 would amend a provision governing branch banking and authorized transactions by remote service units in the Kansas Banking Code to update the definition of “remote service units” and clarify the meaning of “online” and “offline” as the terms apply to the definition. The change to the definition of “remote service units” would allow banks to operate interactive teller machines (ITMs).

Under the bill, a “remote service unit” would mean “an electronic information processing device, including associated equipment, structures and systems, through or by means of which information relating to financial services rendered to the public is stored and transmitted to a bank and which for activation and account access, is dependent upon the use of a machine-readable instrument in the possession and control of the holder of an account with a bank or is activated by a person upon verifiable personal identification.” The bill would further specify that this term must include “online” computer terminals that may be equipped with a telephone or televideo device that allows contact with bank personnel and “offline” automated cash dispensing machines and automated teller machines.

The bill also would make technical changes.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

The bill was introduced in the House Committee on Financial Institutions by Representative Billinger at the request of the Kansas Bankers Association (KBA). At the hearing in the House Committee on Financial Institutions, the KBA representative indicated the bill would modernize the Banking Code by recognizing ITMs in today's financial marketplace. The Office of the Comptroller of the Currency, which serves as the regulator for federal chartered banks, already recognizes this technology and federally-chartered banks are utilizing ITMs. The bill would allow state-chartered banks the option to utilize these machines.

There was no other testimony presented.

According to the fiscal note prepared by the Division of the Budget, the Office of the State Bank Commissioner (OSBC) indicates the bill would require it to incorporate the changes to the Banking Code into its examination schedule of state-chartered banks. However, OSBC estimates the additional costs to incorporate these changes would have a negligible fiscal effect on its operations. Any fiscal effect associated with the bill is not reflected in *The FY 2016 Governor's Budget Report*.