

Interpretive Letter 97-5 (July 10, 1997)

Illinois state-chartered banks may provide temporary banking services at colleges or universities. These would include opening checking and savings accounts, soliciting applications for credit cards, and providing information on other bank services and locations. So long as the bank does not receive deposits, pay checks, or make loans, the service would not be considered a branch and would not need to file an application or notice with the agency.

The Office of Banks and Real Estate ("Agency") has received your recent inquiry. You have asked whether an Illinois state-chartered bank may provide certain temporary banking services at a college or university and, if so, what type of notification the Agency would require. The services to be offered by the state bank would consist of opening checking and savings accounts, soliciting applications for debit and credit cards, and providing information on other bank services and locations. These services would be provided only during school registration periods and seven other days throughout the school year.

The first issue is whether a state bank may provide the type of temporary banking service you have described at a college or university. Opening checking and savings accounts, soliciting applications for debit and credit cards, and providing information on other bank services and locations are clearly lawful activities within "a general banking business" under the Illinois Banking Act (205 ILCS 5/3). Unless otherwise prohibited, Illinois law allows state banks to engage in activities "incidental and germane to conducting a general banking business." Corbett v. Devon Bank, 12 Ill. App. 3d 559, 572 (Ill. App. 1 Dist. 1973). Opening a temporary facility to provide those marketing and administrative services would be incidental and germane to conducting a banking business and is not otherwise prohibited. It is convenient and useful in connection with the performance of a state bank's established activities and is related to ordinary, traditional bank functions. 38 Ill. Adm. Code ' 320.30. Therefore, state banks may certainly engage in such activities at a temporary location.

The next issue is whether the Agency would consider such a location to be a branch. The Illinois Banking Act defines a branch as "any place of business of a bank at which deposits are received, checks paid, or loans made, but shall not include any place at which only records thereof are made, posted, or kept." 205 ILCS 5/2. Thus, if a state bank does not receive deposits when opening a depository account, pay checks, or make loans at its temporary location, the Agency would not consider such a location to be a branch. Since we would not consider it to be a branch, we would not require the state bank to file an application or notice to establish such a facility nor would there be any additional administrative requirements with which a state bank must comply.