

Subsec. (b). Pub. L. 97-320 substituted definitions of “appropriate Federal banking agency”, “bank service corporation”, “Board”, “depository institution”, “insured bank”, “invest”, and “principal investor” for provision that term “bank services” meant services such as check and deposit sorting and posting, computation and posting of interest and other credits and charges, preparation and mailing of checks, statements, notices, and similar items, or any other clerical, bookkeeping, accounting, statistical, or similar functions performed for a bank.

Subsec. (c). Pub. L. 97-320 redesignated provisions of subsec. (c) defining “bank service corporation” as (b)(2), and revised definition.

Subsec. (d). Pub. L. 97-320 redesignated provisions of subsec. (d) as (b)(6).

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the transfer date, see section 351 of Pub. L. 111-203, set out as a note under section 906 of Title 2, The Congress.

§ 1862. Amount of investment in bank service company

Notwithstanding any limitation or prohibition otherwise imposed by any provision of law exclusively relating to banks or savings associations, other than the limitation on the amount of investment by a Federal savings association contained in section 1464(c)(4)(B) of this title, an insured depository institution may invest not more than 10 per centum of paid-in and unimpaired capital and unimpaired surplus in a bank service company. No insured depository institution shall invest more than 5 per centum of its total assets in bank service companies.

(Pub. L. 87-856, §2, Oct. 23, 1962, 76 Stat. 1132; Pub. L. 97-320, title VII, §709, Oct. 15, 1982, 96 Stat. 1541; Pub. L. 104-208, div. A, title II, §2613(c), Sept. 30, 1996, 110 Stat. 3009-477; Pub. L. 109-351, title VI, §602(a), (b)(2), Oct. 13, 2006, 120 Stat. 1978, 1979.)

AMENDMENTS

2006—Pub. L. 109-351 inserted “or savings associations, other than the limitation on the amount of investment by a Federal savings association contained in section 1464(c)(4)(B) of this title” after “relating to banks” and substituted “insured depository institution” for “insured bank” in two places.

1996—Pub. L. 104-208 substituted “company” for “corporation” in section catchline and “company” and “companies” for “corporation” and “corporations”, respectively, in text.

1982—Pub. L. 97-320 substituted provisions relating to the maximum permissible amount of investment in a bank service corporation by an insured bank for provisions which read as follows:

“(a) No limitation or prohibition otherwise imposed by any provision of Federal law exclusively relating to banks shall prevent any two or more banks from investing not more than 10 per centum of the paid-in and unimpaired capital and unimpaired surplus of each of them in a bank service corporation.

“(b) If stock in a bank service corporation has been held by two banks, and one of such banks ceases to utilize the services of the corporation and ceases to hold stock in it, and leaves the other as the sole stockholding bank, the corporation may nevertheless continue to function as such and the other bank may continue to hold stock in it.”

§ 1863. Permissible bank service company activities for depository institutions

Without regard to the provisions of sections 1864 and 1865 of this title, an insured depository

institution may invest in a bank service company that performs, and a bank service company may perform, the following services only for depository institutions: check and deposit sorting and posting, computation and posting of interest and other credits and charges, preparation and mailing of checks, statements, notices, and similar items, or any other clerical, bookkeeping, accounting, statistical, or similar functions performed for a depository institution.

(Pub. L. 87-856, §3, Oct. 23, 1962, 76 Stat. 1132; Pub. L. 97-320, title VII, §709, Oct. 15, 1982, 96 Stat. 1541; Pub. L. 104-208, div. A, title II, §2613(d), Sept. 30, 1996, 110 Stat. 3009-477; Pub. L. 109-351, title VI, §602(a), Oct. 13, 2006, 120 Stat. 1978.)

AMENDMENTS

2006—Pub. L. 109-351 substituted “insured depository institution” for “insured bank”.

1996—Pub. L. 104-208 substituted “company” for “corporation” wherever appearing in section catchline and text.

1982—Pub. L. 97-320 substituted provisions relating to permissible bank service corporation activities for depository institutions for provisions that a bank service corporation must provide bank services to a bank that applied for them if the applying bank competed with a bank which held stock in the corporation unless comparable services were available elsewhere at competitive cost or furnishing the services would be beyond the practical capacity of the corporation.

§ 1864. Permissible bank service company activities for other persons

(a) Services permissible other than taking deposits

A bank service company may provide to any person any service authorized by this section, except that a bank service company shall not take deposits.

(b) Services to be performed in State where shareholders or members are located

Except as permissible under subsection (c), (d), or (e) or with the prior approval of the Board under section 1865(b) of this title in accordance with subsection (f) of this section—

(1) a bank service company shall not perform the services authorized by this section in any State other than that State in which its shareholders or members are located; and

(2) all insured bank shareholders or members of a bank service company shall be located in the same State.

(c) Performance where State bank or savings association is shareholder or member

A bank service company in which a State bank or State savings association is a shareholder or member shall perform only those services that such State bank or State savings association shareholder or member is authorized to perform under the law of the State in which such State bank or State savings association operates and shall perform such services only at locations in the State in which such State bank or State savings association shareholder or member could be authorized to perform such services.

(d) Performance where national bank or Federal savings association is shareholder or member

A bank service company in which a national bank or Federal savings association is a shareholder or member shall perform only those services that such national bank or Federal savings association shareholder or member is authorized to perform under the law of the United States and shall perform such services only at locations in the State at which such national bank or Federal savings association shareholder or member could be authorized to perform such services.

(e) Performance where State bank and national bank are shareholders or members

A bank service company may perform—

- (1) only those services that each depository institution shareholder or member is otherwise authorized to perform under any applicable Federal or State law; and
- (2) such services only at locations in a State in which each such shareholder or member is authorized to perform such services.

(f) Geographic location

Notwithstanding the other provisions of this section or any other provision of law, other than the provisions of Federal and State branching law regulating the geographic location of banks or savings associations to the extent that those laws are applicable to an activity authorized by this subsection, a bank service company may perform at any geographic location any service, other than deposit taking, that the Board has determined, by regulation, to be permissible for a bank holding company under section 1843(c)(8) of this title as of the day before November 12, 1999.

(Pub. L. 87-856, §4, Oct. 23, 1962, 76 Stat. 1132; Pub. L. 97-320, title VII, §709, Oct. 15, 1982, 96 Stat. 1542; Pub. L. 97-457, §32(b)(2), Jan. 12, 1983, 96 Stat. 2511; Pub. L. 104-208, div. A, title II, §2613(e), Sept. 30, 1996, 110 Stat. 3009-477; Pub. L. 106-102, title I, §102(b)(2), Nov. 12, 1999, 113 Stat. 1342; Pub. L. 109-351, title VI, §602(b)(3), Oct. 13, 2006, 120 Stat. 1979.)

AMENDMENTS

2006—Subsec. (b). Pub. L. 109-351, §602(b)(3)(A), inserted “as permissible under subsection (c), (d), or (e) or” after “Except” in introductory provisions.

Subsec. (c). Pub. L. 109-351, §602(b)(3)(B), inserted “or State savings association” after “State bank” wherever appearing.

Subsec. (d). Pub. L. 109-351, §602(b)(3)(C), inserted “or Federal savings association” after “national bank” wherever appearing.

Subsec. (e). Pub. L. 109-351, §602(b)(3)(D), inserted heading and amended text generally. Prior to amendment, text read as follows: “A bank service company that has both national bank and State bank shareholders or members shall perform only those services that may lawfully be performed by both any shareholder or member of the company which is a national bank under the law of the United States and any shareholder or member of the company which is a State bank under the law of the State in which any such State bank operate and shall perform such services only at locations in the State at which both its State bank and national bank shareholders or members could be authorized to perform such services.”

Subsec. (f). Pub. L. 109-351, §602(b)(3)(E), inserted “or savings associations” after “location of banks”.

1999—Subsec. (f). Pub. L. 106-102 inserted before period at end “as of the day before November 12, 1999”.

1996—Pub. L. 104-208, §2613(e)(5), substituted “company” for “corporation” in section catchline.

Subsec. (a). Pub. L. 104-208, §2613(e)(1), substituted “company” for “corporation” in two places.

Subsec. (b). Pub. L. 104-208, §2613(e)(1), (2), inserted “or members” after “shareholders” wherever appearing in text and substituted “company” for “corporation” in two places.

Subsecs. (c), (d). Pub. L. 104-208, §2613(e)(1), (3), inserted “or member” after “shareholder” wherever appearing and substituted “company” for “corporation”.

Subsec. (e). Pub. L. 104-208, §2613(e)(1), (4), substituted “company” for “corporation”, “any shareholder or member of the company which is a national bank” for “its national bank shareholder or shareholders”, “any shareholder or member of the company which is a State bank” for “its State bank shareholder or shareholders”, and “any such State bank” for “such State bank or banks”, and inserted “or members” after “national bank and State bank shareholders” and after “State bank and national bank shareholders”.

Subsec. (f). Pub. L. 104-208, §2613(e)(1), substituted “company” for “corporation”.

1983—Subsecs. (d), (e). Pub. L. 97-457 substituted “under the law of the United States” for “under this chapter”.

1982—Pub. L. 97-320 substituted provisions relating to bank service corporation activities for other persons for provisions which read: “No bank service corporation may engage in any activity other than the performance of bank services for banks.”

EFFECTIVE DATE OF 1999 AMENDMENT

Amendment by Pub. L. 106-102 effective 120 days after Nov. 12, 1999, see section 161 of Pub. L. 106-102, set out as a note under section 24 of this title.

§ 1865. Prior approval for investments in bank service companies

(a) Approval of Federal banking agency

No insured depository institution shall invest in the capital stock of a bank service company that performs any service under authority of subsection (c), (d), or (e) of section 1864 of this title without prior notice, as determined by the appropriate Federal banking agency for the insured depository institution.

(b) Approval of Board

No insured depository institution shall invest in the capital stock of a bank service company that performs any service authorized only under authority of section 1864(f) of this title and no bank service company shall perform any activity authorized only under section 1864(f) of this title without the prior approval of the Board.

(c) Considerations in determining approval

In determining whether to approve or deny any application for prior approval or whether to approve or disapprove any notice under this section, the Board or the appropriate Federal banking agency, as the case may be, is authorized to consider the financial and managerial resources and future prospects of any insured depository institution and bank service company involved, including the financial capability of the insured depository institution to make a proposed investment under this chapter, and possible adverse effects such as undue concentration of resources, unfair or decreased competition, con-