



Date: February 19, 2015

To: House Financial Institutions Committee
Chairman – Rep. Pete DeGraaf

From: Doug Wareham, Executive Vice President-Government Relations

Re: Support for H.B. 2352 – (Interactive Teller Machines - ITM)

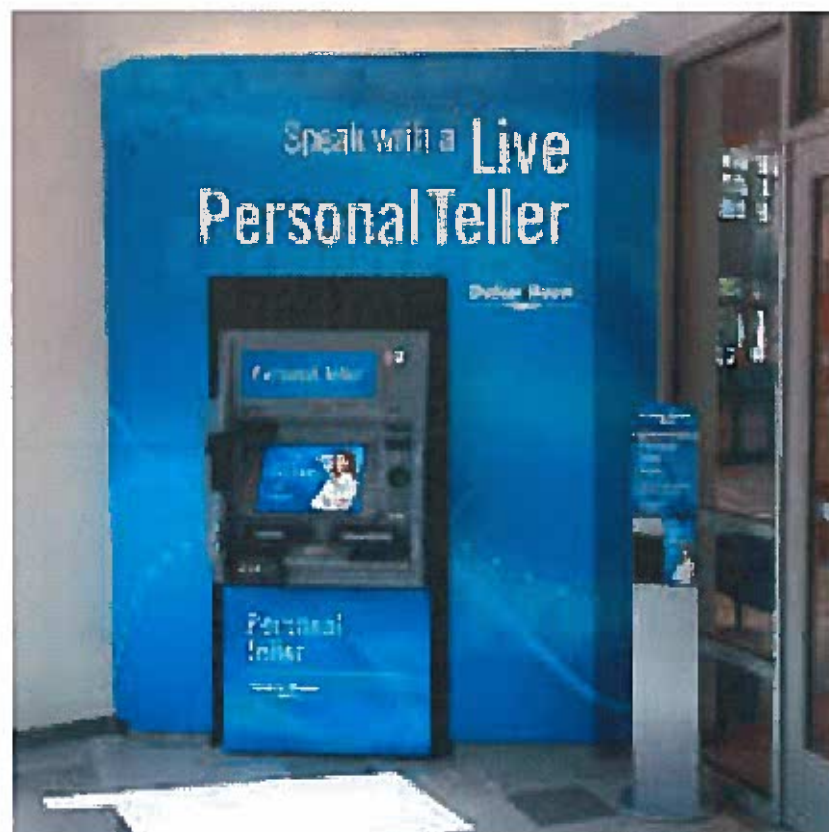
Chairman DeGraaf and members of the House Financial Institutions Committee, I am Doug Wareham appearing on behalf of the Kansas Bankers Association (KBA). Our organization's membership includes 291 bank members, including 99% (266 of the 268) of the commercially chartered banks headquartered in Kansas. Our member banks and their branch networks employ more than 13,400 Kansans that provide financial services in more than 400 cities and towns across the state. Thank you for the opportunity to appear in support of H.B. 2352.

H.B. 2352 will modernize the state banking code by recognizing the advent of interactive teller machines (ITMs) in today's financial marketplace. ITMs, which like automated teller machines (ATMs) can be strategically placed to more conveniently serve bank customers, are remote service units that are activated by individuals presenting personal identification through the use of a telephone or televideo device that allows contact with bank personnel. Attached to my testimony are two visual examples of this technology.

The 43 federally-chartered banks headquartered in Kansas, as well as out-of-state federally chartered banks with branch offices in Kansas, are already authorized to utilize ITMs by the Office of the Comptroller of the Currency (OCC). The OCC, which serves as the primary regulator for federal chartered banks, recognizes ITMs as remote service units. A copy of the OCC's regulation (12 CFR § 7.4003) is attached to my testimony.

To date, we have been contacted by two of our state-chartered member banks inquiring about their desire to utilize ITMs. Those calls prompted our request for the introduction of H.B. 2352. Once again, adoption of this proposal, will simply allow the 225 state chartered banks in Kansas to utilize interactive teller machines (ITMs), which are already authorized for their competing federally-chartered banks.

Thank you for the opportunity to provide information in support of H.B. 2352 and I would be happy to stand for questions now or at the appropriate time.



12 CFR § 7.4003 Establishment and operation of a remote service unit by a national bank.

A remote service unit (RSU) is an automated facility, operated by a customer of a bank, that conducts banking functions, such as receiving deposits, paying withdrawals, or lending money. A national bank may establish and operate an RSU pursuant to 12 U.S.C. 24(Seventh). An RSU includes an automated teller machine, automated loan machine, and automated device for receiving deposits. An RSU may be equipped with a telephone or televideo device that allows contact with bank personnel. An RSU is not a “branch” within the meaning of 12 U.S.C. 36(j), and is not subject to state geographic or operational restrictions or licensing laws.

[64 FR 60100, Nov. 4, 1999]