



STATE OF ALABAMA
STATE BANKING DEPARTMENT



February 4, 1997

SBD OPINION 97-1

TO: CHIEF EXECUTIVE OFFICERS OF ALL STATE CHARTERED BANKS

SUBJECT: COURIER SERVICES

Background: SBD Opinion 97-1 modifies and supersedes Opinion 89-2 which was issued August 24, 1989. Opinion 89-2 allowed state chartered banks in Alabama to provide courier services to their customers for the pickup of deposits, but specified a number of restrictive conditions, including a prohibition on acceptance of cash deposits.

The original opinion was issued pursuant to Section 5-5A-18.1 of the *Alabama Banking Code* which states in part: "Subject to the prior approval of the superintendent of banks of Alabama, state banks may make any loan or investment or exercise any power which they could make or exercise if incorporated or operating in this state as a federally chartered or regulated bank"

Changes: It now appears inappropriate to restrict the acceptance of currency and coin if all the other conditions of the original opinion are met. It is also our opinion that the offering of such services is incident to the business of banking and consequently, as specified in Section 5-5A-18 of the *Alabama Banking Code*, the prior approval of the superintendent should not be required in order to conduct such activity.

Opinion: It is the opinion of the State Banking Department that state chartered banks may provide their customers with courier services, for the pickup of deposits, under the following conditions:

1. Such services may only be offered where the bank is authorized to do a general banking business. The service may be provided by the bank or in association with a licensed carrier.
2. The courier service must be subject to a written contract between the bank and its customer which, at a minimum, specifies:
 - (a) the courier is deemed to be an agent of the customer, and the bank shall not in any manner be held liable for any items placed in transit with the courier until such time as the bank takes delivery of the items;

- (b) all items transmitted must be enclosed in a locked deposit bag, which must remain under dual control until such time as the bank has notified the customer of discrepancies, if any, between the contents of the bag and the deposit ticket thereof;
 - (c) all deposit items must be restrictively endorsed for deposit only and must be accompanied by a deposit ticket which lists the items;
 - (d) the specific charges for the courier service which shall be charged directly to the customer or reflected in account analysis formulas.
3. The bank or third party carrier providing such service must carry adequate fidelity, robbery, and hazard insurance commensurate with the associated risks of providing such service.
 4. The bank must provide written notice to this office prior to commencing the service.



Wayne C. Curtis
Superintendent of Banks