



Kay Ivey
Governor

STATE OF ALABAMA
STATE BANKING DEPARTMENT



Mike Hill
Superintendent of Banks

MEMORANDUM

TO: Chief Executive Officers of All Alabama State-Chartered Banks

FROM: Mike Hill 
Superintendent of Banks

SUBJECT: **Opinion 2018-1 – Establishment of Deposit Production Offices (DPOs)**

DATE: January 2, 2018

This Opinion sets the conditions under which Alabama, State-chartered banks may establish DPOs and conditions under which out-of-state banks may establish DPOs in Alabama. This Opinion also sets limits upon the activities which may be conducted at a DPO.

Effective this date, approval by the Superintendent of Banks will be required for establishment of DPOs by Alabama, State-chartered banks. An application letter disclosing the street address of the proposed DPO and detailing the proposed DPO activities and proposed DPO management must be sent to the Superintendent of Banks by Alabama, State-chartered banks wishing to establish a DPO in this state or any other state. The Superintendent may require additional information, and may impose conditions for approval of the application. This application should be sent to the following address: Superintendent of Banks, State of Alabama, State Banking Department, P.O. Box 4600, Montgomery, AL 36103-4600.

Out-of-state banks wishing to establish a DPO in Alabama must comply with their chartering authorities' rules governing establishments of DPO's and should send notice to the Superintendent disclosing the street address of the proposed DPO and detailing the activities which are to be conducted at the DPO. Alternatively, such notice may be given to the out-of-state bank's primary regulator (chartering agency) provided the out-of-state bank's primary regulator provides a copy of such notice to the Alabama Superintendent of Banks.

The following activities are permissible at a DPO:

1. Solicit deposit accounts or the equivalent.
2. Perform ministerial duties related to (1) such as:
 - a. provide information about deposit products,
 - b. provide help with application forms and related documents to open deposit accounts,
 - c. collect and forward, to a bank branch, information and documents needed for new deposit account processing, and
 - d. provide client assistance for day-to-day account inquiries and activities which are routinely processed by non-branch, back office locations including signature card modifications, intra-bank transfers, and wire initiations.

However, the following activities are not allowed at a DPO:

1. Make loans.
2. Accept and receive deposits.
3. Pay out withdrawals, drafts, or checks.

Deposits or withdrawals may be made by the customer at the main office or at a branch of the Bank, or by ATM, mail, electronic transfer, or similar method not involving acceptance or payout of deposits by the DPO.

If approved by the Superintendent of Banks, there may be an Automated Teller Machine (ATM), DPO and a Loan Production Office (LPO) at the same location. None are considered to be branches separately and generally will not be deemed a branch if located together. In the DPO application, the applicant should disclose any ATM or LPO established or to be established at the same location or a contiguous location.

There is currently no separate application or fee required for establishment of an ATM, but there is a separate fee and application required for the establishment of an LPO. Please refer to Superintendent of Banks Opinion 2010-1 Establishment of Loan Production Offices for the requirements to establish an LPO. Opinion 2010-1 can be found on the Alabama Banking Department website at http://www.banking.alabama.gov/loan_app.aspx.

There is currently no application fee established for DPOs; however, the Alabama State Banking Board may, at a later date, establish and modify fees for various applications. Please refer to the Alabama Banking Department website for a list of application fees at http://www.banking.alabama.gov/apps_howto.aspx.