



STATE OF IDAHO  
DEPARTMENT OF FINANCE  
BOISE, IDAHO 83720  
(208) 334-3313

April 6, 1990

TO ALL INTERESTED PARTIES:

POLICY STATEMENT NO. 90-1

Several Idaho state-chartered banks have asked for this Department's determination as to whether a bank operated customer courier service is permissible in the state of Idaho. This Policy Statement sets forth the Department's position that such a courier service is permitted.

For purposes of this Policy Statement, a "courier service" is a service whereby a bank sends a courier to pickup or deliver funds to a customer at his place of business. "Funds" are here understood to mean a sum of legal tender and/or negotiable instruments as yet unverified and/or unauthenticated by the bank. Any receipt issued at this point is for the package accepted for delivery to the bank, not acceptance of a deposit.

The primary issue raised by this question is whether or not such a service constitutes branch banking.

A branch is defined in Idaho Code § 26-106(6) as:

any location except a bank facility or customer-bank communication terminal or bank service corporation at which a bank performs any or all functions of a bank.

The acceptance of deposits is clearly a bank function. Idaho Code § 26-106(1). Thus, if the bank's courier service is a location at which it accepts deposits, it meets the branch banking requirements.



Idaho Code § 26-106(14) states:

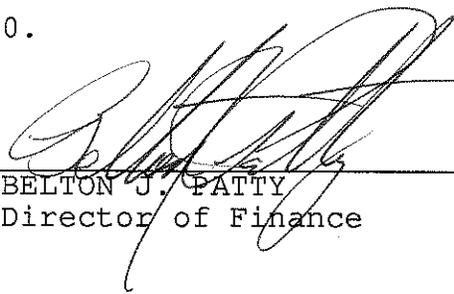
"Deposit" means the act of placing or lodging money in the custody of a person, for safety or convenience whether interest-bearing or not, to be withdrawn at the will of the depositor or under rules, terms and regulations agreed upon by the depositor and the depository. If the context requires, deposit may also mean the money so deposited or the credit the depositor received for it. (emphasis added.)

A "deposit" contemplates some agreement between the depositor and depository as to the terms upon which a withdrawal can be made. Until an agreement is reached, a "deposit" as such cannot be made. A bank is unable to agree to return to a depositor a sum certain until such time as it knows what sum was placed with it.

Consequently, it is the Department's view that until the customer's funds are officially credited to his account, no agreement as to withdrawal can be reached, and no "deposit" is made. The relationship between the bank and its customer is that of a bailment for mutual benefit, similar to that created in the night depository situation. Thus, the bank is not receiving "deposits" in the operation of a courier service. Such a courier service does not violate branch banking laws and is permissible in the state of Idaho.

This statement is effective immediately.

Dated this 6th day of April, 1990.



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BELTON J. PATTY  
Director of Finance

BJP/MTS/drc