

IC 28-8

ARTICLE 8. FINANCIAL SERVICES

IC 28-8-1

Chapter 1. Bank Service Corporations

IC 28-8-1-1

Definitions

Sec. 1. For the purposes of this chapter:

(a) "Department" shall mean the department of financial institutions for the state of Indiana.

(b) "Bank services" shall mean 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 or trust company.

(c) "Bank service corporation" shall mean a corporation organized to perform bank services for two or more banks or trust companies, each of which owns a portion of the capital stock of such corporation.

(d) "Invest" shall include any advance of funds to a bank service corporation, whether by the purchase of stock, the making of a loan or loans, or otherwise; provided, however, payment for rent earned, goods sold and delivered, or services rendered prior to the making of such payment shall not be deemed an investment.

(Formerly: Acts 1963, c.359, s.1.) As amended by P.L.263-1985, SEC.201.

IC 28-8-1-1.5

Investment in corporation by bank or trust company authorized

Sec. 1.5. Notwithstanding any limitation or prohibition otherwise imposed by any provision of the laws of this state, any bank or trust company may invest in a bank service corporation upon the same terms and conditions as are provided by Section 709 of the Garn-St. Germain Depository Institutions Act of 1982 (Public Law 97-320; 96 Stat. 1469) for federally insured banks, and any such bank service corporation may perform the same functions, subject to the same limitations and restrictions, as are prescribed by the Garn-St. Germain Depository Institutions Act of 1982.

As added by P.L.267-1983, SEC.2.

IC 28-8-1-2

Authority of two or more banks and trust companies to invest

Sec. 2. Any two (2) or more banks or trust companies may invest in a bank service corporation an amount not to exceed ten percent (10%) of the capital and surplus of each of them as defined in IC 28-1-1.

(Formerly: Acts 1963, c.359, s.2.) As amended by P.L.263-1985, SEC.202; P.L.213-2007, SEC.75; P.L.217-2007, SEC.73.

IC 28-8-1-3

Continuation with single bank or trust company as sole stockholders

Sec. 3. In the event the stock of a bank service corporation is held by two (2) banks or trust companies, one (1) of the banks or trust companies ceases to use the services of the bank service corporation and ceases to hold stock in such corporation thereby leaving the other bank or trust company the sole stockholder in such corporation, the bank service corporation may continue to function as such and the remaining bank may continue to hold stock in such corporation.

(Formerly: Acts 1963, c.359, s.3.)

IC 28-8-1-4

Application of competitive nonmember bank or trust company for service; duties

Sec. 4. Whenever any bank or trust company requests bank service from a bank service corporation which supplies the same type of bank service to other banks or trust companies and the applying bank or trust company is competitive with any bank or trust company which holds stock in the bank service corporation, such corporation must agree to render such services, and either

(a) issue stock to the applying bank or trust company and furnish bank services to such applying bank or trust company on the same basis as to other banks or trust companies holding stock in the bank service corporation, or

(b) furnish bank services to the applying bank or trust company at rates no higher than necessary to reflect fairly the cost of such services including the reasonable cost of the capital provided to such corporation by its stockholders, at the option of the banking service corporation, unless comparable services at a competitive overall cost are available to the applying bank or trust company from another source, or unless the furnishing of the services sought by the applying bank or trust company would be beyond the practical capacity of the bank service corporation.

In any action or proceeding to enforce the duty imposed by this section, or for damages for the breach thereof, the burden shall be upon the bank service corporation to prove the availability of bank services from another source.

(Formerly: Acts 1963, c.359, s.4.)

IC 28-8-1-5

Regulation and examination

Sec. 5. No bank or trust company subject to examination by the department may cause to be performed, by contract or otherwise, any bank services for itself, either on or off its premises, until such time as assurances are furnished to the department by the bank or trust company and the bank service corporation performing such bank services that the performance thereof will be subject to regulation and examination by the department to the same extent as if such bank services were being performed by the bank or trust company on its

own premises.
(Formerly: Acts 1963, c.359, s.5.)