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AB-1784 State banks. (2015-2016)

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Assembly Bill No. 1784

CHAPTER 180

An act to add Section 1083 to the Financial Code, relating to financial institutions.

[Approved by Governor August 25, 2016. Filed with Secretary of State August 25, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1784, Dababneh. State banks.

Existing law defines and regulates state banks and commits the enforcement of banking laws with the Commissioner of Business Oversight. The Banking Law prescribes definitions relating to bank offices and defines a branch office as an office at which core banking business is conducted other than an automated teller machine, a device used to facilitate check guarantee or check authorization, or a remote service facility, as defined.

This bill would authorize a bank to participate in a financial education program that involves receiving deposits or paying withdrawals on the premises of a school or school facility. The bill would provide that the school premises or facility will not be considered a branch office of the bank if certain conditions are met. The bill would specify that banks participating in these programs are still liable for deposits, as specified.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1083 is added to the Financial Code, to read:

1083. (a) A bank may participate in a financial education program that involves receiving deposits or paying withdrawals on the premises of, or at a facility used by, a school. The school premises or facility will not be considered a branch office of the bank, as that term is defined in Section 1070 of the Financial Code, if all of the following conditions are met:

- (1) The bank does not establish and operate the school premises or facility in which the program is conducted.
- (2) Bank employees work at the site only to participate in the program.
- (3) The program is provided at the discretion of the school.
- (4) The principal purpose of the program is financial education. For example, a program is educational if it is designed to teach students the principles of personal financial management, banking operations, or the benefits of saving for the future, and is not designed for the purpose of profitmaking.
- (5) No services are provided to the general public.

(6) The program is conducted in a manner that is consistent with safe and sound banking practices and complies with applicable law.

(b) A bank that participates in a financial education program pursuant to this section shall be liable for all deposits made on the premises of, or at a facility used by, a school as if the deposit was made directly at a branch office of the bank.