



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING
333 MARKET STREET, 16TH FLOOR
HARRISBURG, PENNSYLVANIA 17101-2290

DAVID E. ZUERN
SECRETARY OF BANKING

March 30, 2000

TELEPHONE
717-787-6991

To All Pennsylvania State-Chartered Banks, Bank and Trust Companies, and Savings Banks:

The purpose of this letter is to explain how a Pennsylvania state-chartered bank, bank and trust company (collectively, "bank") or savings bank ("savings bank") may establish and operate a messenger service branch.

A bank or a savings bank may establish and operate a messenger service branch to pick up from, and deliver to, specific customers, at locations such as homes or offices, items relating to transactions between the bank and those customers pursuant to their authority to establish a branch under Section 904 of the Banking Code of 1965 ("Banking Code"). The items which a messenger service branch may transport with this authority include, but are not limited to, deposits and withdrawals in the form of checks or currency. A messenger service branch would not be expected to be tied to a regular schedule since it may provide services to its customers on demand.

In addition, a bank or a savings bank may use the good faith excess capacity¹ of its messenger service branch to transport non-currency items which are documents of a banking, financial, accounting or similar nature on behalf of any customers, including other financial institutions and the general public, that are not related to transactions between the bank or savings bank and its customers. This activity would be engaged in pursuant to the bank's incidental powers under Section 315(i) of the Banking Code and the savings bank's incidental powers under Section 502(h) of the Banking Code.

The Department will determine what items may be carried in a messenger service during the branch application process. The Department would consider any relevant matter that may arise during the application process.

Sincerely,


¹ The sale of excess capacity by a bank or savings bank helps to ensure that an institution's services do not sit idle and that it can efficiently utilize its resources. To meet the test of "good faith" in the context of a messenger service branch, a bank or savings bank must demonstrate that the excess capacity of its messenger service branch was reasonably acquired to meet its projected needs in providing messenger services for items relating to transactions between the bank or savings bank and its customers.