

January 31, 1961.

Senate File 146

Passed on File. By COMMITTEE ON BANKS, BUILDING AND LOAN.

Passed Senate, Date 2-3-61 Passed House, Date 3-24-61
Vote: Ayes 46 Nays 1 Vote: Ayes 90 Nays 1
Approved 3-29-61

A BILL FOR

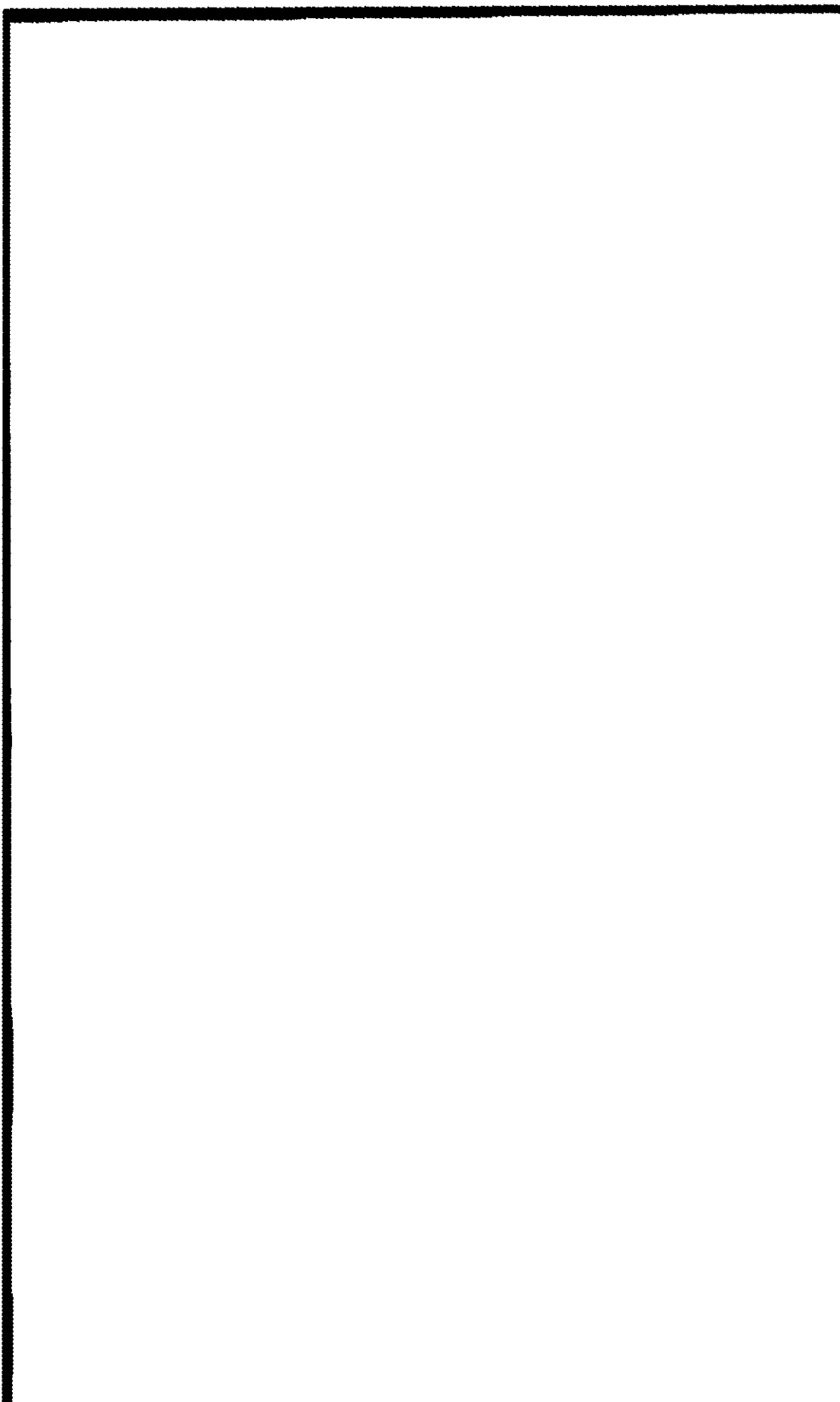
An Act to permit banks, subject to the approval of the state banking board, to own jointly a company that can provide for them from a central processing point, the cooperative use of automation equipment for bank bookkeeping work.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 Section 1. Subject to the approval of the state banking
- 2 board, any bank may purchase capital stock, bonds, debentures
- 3 or other such obligations of any corporation operated exclusively
- 4 for the purpose of providing for them from a central processing
- 5 point, the cooperative use of automation equipment for bank
- 6 bookkeeping work and thus performing a necessary service for
- 7 the bank and one or more other banks, which service the banks
- 8 would otherwise be required to provide for on an individual
- 9 bank basis.

EXPLANATION OF SENATE FILE 146

This measure would enable a group of state banks, as might be authorized by the state banking board, to have a common or central bookkeeping service through the use of electronic equipment that would not be otherwise economically feasible for purchase or lease by the respective institutions individually. The Federal Reserve Bank of Philadelphia in its "Business Review," July, 1960, reported in its survey made in that district, that 23 percent of those banks favoring cooperative use of automation "wanted to own and operate such machinery with a group of other banks." It is believed that the formation of such a company as contemplated in this measure is the most economical way for medium sized and smaller banks to obtain the cooperative use of automation equipment for their bookkeeping processes. In some states it is said no enabling legislation seems needed, while in other states it does appear necessary. The state of Michigan has already adopted a measure, similar to this proposed bill, for the banks in that state. Michigan has thus cleared away any doubt on the matter for its banks. This proposed bill would do the same for the state banks in Iowa. It will be noted that the bill provides that the banks must first obtain the approval of the state banking board before they may invest in any stock of such company. It will be further noted from this bill that any such company must be operated exclusively for the purpose of providing for the banks, from a central processing point, the cooperative use of automation equipment for bank bookkeeping work. This is forward-looking bill and will enable Iowa state banks to jointly own such automation bookkeeping equipment if they should desire to do so. This bill is recommended by the Iowa Bankers Association.



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