

Commerce
Do pass per amend 53079 2-15-89 (p. 414)

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House small BUS + comm
Do pass 3-9-89 (p. 729)

SENATE FILE 130
BY DELUHERY

Passed Senate, Date 2-22-89 (p. 487) Passed House, Date 4-10-89 (p. 1419)
Vote: Ayes 48 Nays 2 Vote: Ayes 95 Nays 0
Approved 5-2-89

A BILL FOR

1 An Act relating to the establishment and operation of point-of-
2 sale and automatic teller machine terminals and providing an
3 effective date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 130

S-3079

- 1 Amend Senate File 130, as follows:
- 2 1. Page 1, lines 16 through 17, by striking the
- 3 words "electronic funds transfer" and inserting the
- 4 following: "~~electronic-funds-transfer~~".
- 5 2. Page 3, line 20, by striking the word "that"
- 6 and inserting the following: "when".
- 7 3. Page 6, line 35, by inserting after the word
- 8 "provided" the following: "with".

By COMMITTEE ON COMMERCE
WILLIAM D. PALMER, Chairperson

S-3079 FILED FEBRUARY 15, 1989
Adopted 2-22-89 (p. 487)

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1 Section 1. Section 527.2, subsection 1, Code 1989, is
2 amended to read as follows:

3 1. "Administrator" means and includes the superintendent
4 of banking, the superintendent of savings and loan
5 associations, and the superintendent of credit unions within
6 the department of commerce and the supervisor of industrial
7 loan companies within the office of the superintendent of
8 banking. However, the powers of administration and
9 enforcement of this chapter shall be exercised only as
10 provided in section sections 527.3, 527.5, subsection 7,
11 527.11, 527.12, and any other pertinent provision of this
12 chapter.

13 Sec. 2. Section 527.2, subsection 2, Code 1989, is amended
14 to read as follows:

307 15 2. "Batch basis" means the periodic delivery of an
16 accumulation of messages representing multiple electronic
17 funds transfer transactions ~~authorized-or-rejected-by-the~~
18 ~~customer's-financial-institution-at-a-prior-time~~ after
19 completion of the transactions.

20 Sec. 3. Section 527.2, subsection 5, Code 1989, is amended
21 to read as follows:

22 5. "Financial institution" means and includes any bank
23 incorporated under the provisions of chapter 524 or federal
24 law, any savings and loan association incorporated under the
25 provisions of chapter 534 or federal law, any credit union
26 organized under the provisions of chapter 533 or federal law,
27 ~~and any corporation licensed as an industrial loan company~~
28 under chapter 536A, and any bank, savings and loan
29 association, or credit union incorporated under federal law or
30 the laws of a state other than Iowa which has an office
31 located within this state.

32 Sec. 4. Section 527.2, subsection 8, Code 1989, is amended
33 to read as follows:

34 8. "On-line real time basis" means the ~~immediate-and~~
35 ~~instantaneous~~ delivery or return of ~~an-individual~~ a message

1 initiated at a satellite terminal through transmission of
2 electronic impulses to or from a location remote from the
3 location of the satellite terminal prior to completion of the
4 transaction.

5 Sec. 5. Section 527.2, subsection 10, Code 1989, is
6 amended to read as follows:

7 10. "Satellite terminal" means and includes any machine or
8 device located off the premises of a financial institution,
9 whether attended or unattended, by means of which the
10 financial institution and its customers may engage through
11 either the immediate transmission of electronic impulses to or
12 from the financial institution or the recording of electronic
13 impulses or other indicia of a transaction for delayed
14 transmission to the financial institution, in transactions
15 which are incidental to the conduct of the business of the
16 financial institution and which otherwise are specifically
17 permitted by applicable law. "Satellite terminal" also
18 includes any machine or device located on the premises of a
19 financial institution only if the machine or device is
20 available for use by customers of other financial
21 institutions. However, the term "satellite terminal" does not
22 include any such machine or device, wherever located, if that
23 machine or device is not generally accessible to persons other
24 than employees of a financial institution or an affiliate of a
25 financial institution.

26 Sec. 6. Section 527.2, subsection 11, Code 1989, is
27 amended by striking the subsection and inserting in lieu
28 thereof the following:

29 11. "On-line point-of-sale terminal" means a satellite
30 terminal that satisfies the requirements of section 527.4,
31 subsection 3, paragraph "d" and is operated on an on-line real
32 time basis.

33 Sec. 7. Section 527.2, Code 1989, is amended by adding the
34 following new subsections:

35 NEW SUBSECTION. 12. "Off-line point-of-sale terminal"

1 means a satellite terminal that satisfies the requirements of
2 section 527.4, subsection 3, paragraph "d" and is other than
3 an on-line point-of-sale terminal.

4 NEW SUBSECTION. 13. "Office" means and includes any
5 business location in this state of a financial institution at
6 which is offered the services of accepting deposits,
7 originating loans, and dispensing cash, by financial insti-
8 tution personnel in the office.

9 NEW SUBSECTION. 14. "Access device" means a card, code,
10 or other means of access to a customer's account, or any
11 combination thereof, that may be used by the customer for the
12 purpose of initiating a transaction by means of a satellite
13 terminal.

14 NEW SUBSECTION. 15. "Personal terminal" means and in-
15 cludes a satellite terminal located in a personal residence
16 and a telephone, wherever located, operated by a customer of a
17 financial institution for the purpose of initiating a
18 transaction affecting a noncommercial account of the customer.

19 NEW SUBSECTION. 16. "Completion of the transaction" means
30 7920 that the presence of the customer at a satellite terminal is
21 no longer needed to consummate the sale of goods or services,
22 to grant to the seller the right to receive payment for the
23 goods or services, and to issue a receipt to the customer.

24 NEW SUBSECTION. 17. "Reciprocal basis" means that a
25 financial institution whose licensed or principal place of
26 business is located in this state has the express authority
27 under the laws of a state other than Iowa to conduct business
28 under qualifications and conditions which are no more
29 restrictive than those imposed by the laws of the other state
30 on financial institutions whose licensed or principal place of
31 business is located in the other state, as determined by the
32 administrator, and the laws of Iowa are no more restrictive of
33 financial institutions whose licensed or principal place of
34 business is located in such other state than they are of
35 financial institutions whose licensed or principal place of

1 business is located in this state.

2 Sec. 8. Section 527.4, subsection 1, Code 1989, is amended
3 to read as follows:

4 1. A satellite terminal shall not be established within
5 this state except by any a financial institution, except one
6 whose principal place of business is located in this state, or
7 one who which has a business location licensed in this state
8 under chapter 536A, or one which has an office located in this
9 state and which meets the requirements of subsection 4.

10 Sec. 9. Section 527.4, subsection 2, Code 1989, is amended
11 to read as follows:

12 2. A financial institution whose licensed or principal
13 place of business is located in this state shall not establish
14 a satellite terminal at any location outside of this state
15 unless the other state provides for the establishment of
16 satellite terminals by Iowa financial institutions on a
17 reciprocal basis.

18 Sec. 10. Section 527.4, subsection 3, Code 1989, is
19 amended to read as follows:

20 3. a. A financial institution whose licensed or principal
21 place of business is located within this state may establish
22 any number of satellite terminals in any of the following
23 locations:

24 (1) a. Within the boundaries of a municipal corporation if
25 the principal place of business or an office of the financial
26 institution is also located within the boundaries of the
27 municipal corporation.

28 (2) b. Within the boundaries of an urban complex composed
29 of two or more Iowa municipal corporations each of which is
30 contiguous to or corners upon at least one of the other
31 municipal corporations within the urban complex if the
32 principal place of business or an office of the financial
33 institution is also located in the urban complex.

34 (3) ~~Within the unincorporated area of a county in which~~
35 ~~the financial institution has its principal place of business~~

1 or-an-office-

2 (4)--Within-a-municipal-corporation-located-in-the-same
3 county-as-the-principal-place-of-business-or-an-office-of-the
4 financial-institution-if-another-financial-institution-has-not
5 located-its-principal-place-of-business-or-an-office-within
6 the-municipal-corporation-

7 c. Within the Iowa county in which the financial
8 institution has its principal place of business or an office.

9 (5) d. At any retail sales location in this state if any
10 all of the following apply:

11 (a) (1) The satellite terminal is not designed,
12 configured, or operated to accept deposits or to dispense
13 script scrip or other negotiable instruments.

14 (b) (2) The satellite terminal is not designed,
15 configured, or operated to dispense cash except when operated
16 by the retailer as part of a retail sales transaction.

17 (c) (3) The satellite terminal is utilized for the purpose
18 of making payment to the retailer for goods or services
19 purchased at the location of the satellite terminal.

20 (d)--The-financial-institution-controls-a-satellite
21 terminal-described-under-subparagraph-part-(c)-at-a-location
22 of-the-retailer-established-pursuant-to-subparagraph-(1)-(2)-
23 (3)-or-(4)-

24 A financial institution shall not establish a satellite
25 terminal at any other location except pursuant to an agreement
26 with a financial institution which is authorized by this
27 paragraph-"a" subsection to establish a satellite terminal at
28 that location and which will utilize the satellite terminal at
29 that location. This paragraph-"a" subsection does not amend,
30 modify, or supersede any provision of chapter 524 regulating
31 the number or locations of bank offices of a state or national
32 bank, or authorize the establishment by a financial
33 institution of any offices or other facilities except
34 satellite terminals at locations permitted by this paragraph
35 "a" subsection.

1 ~~b. Paragraph "a" of this subsection does not apply to a~~
2 ~~corporation licensed under chapter 536A. A corporation~~
3 ~~licensed under that chapter may establish within the~~
4 ~~boundaries of a municipal corporation, or an urban complex~~
5 ~~composed of two or more Iowa municipal corporations each of~~
6 ~~which is contiguous to or corners upon at least one of the~~
7 ~~other municipal corporations within the complex, any number of~~
8 ~~satellite terminals which are satellite terminals of a~~
9 ~~licensed business location of the corporation which is located~~
10 ~~within the municipal corporation or urban complex. The~~
11 ~~corporation shall not establish a satellite terminal at any~~
12 ~~other location except pursuant to an agreement with another~~
13 ~~financial institution which is authorized by the preceding~~
14 ~~sentence to establish a satellite terminal at that location~~
15 ~~and which utilizes the satellite terminal so established.~~

16 Sec. 11. Section 527.4, Code 1989, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 4. A financial institution whose licensed
19 or principal place of business is not located in this state
20 may establish, control, maintain, or operate any number of
21 satellite terminals at the locations identified in subsection
22 3, paragraphs "a", "b", "c", and "d" if both of the following
23 apply:

24 a. The other state provides for the establishment, con-
25 trol, maintenance, or operation of satellite terminals by a
26 financial institution, whose licensed or principal place of
27 business is located in this state, on a reciprocal basis.

28 b. All satellite terminals, wherever located, that are
29 owned, controlled, maintained, or operated by the financial
30 institution are available for use on a nondiscriminatory basis
31 by any other financial institution which engages in electronic
32 transactions in this state and by all customers who have
33 minimum contact with this state and who have been designated
34 by a financial institution using the satellite terminal and
35 who have been provided an access device, approved by the

1 administrator, by which to engage in electronic transactions
2 by means of the satellite terminal.

3 Sec. 12. Section 527.5, subsection 2, Code 1989, is
4 amended to read as follows:

5 2. a. The A satellite terminal shall be available for use
6 on a nondiscriminatory basis by any other financial
7 institution which has its principal place of business within
8 this state, and by all customers who have been designated by a
9 financial institution using the satellite terminal and who
10 have been provided with ~~a-physical-object-or-other-method~~ an
11 access device, approved by the administrator, by which to
12 engage in electronic transactions by means of the satellite
13 terminal.

14 b. No A financial institution shall not be required to
15 join, be a member or shareholder of, or otherwise participate
16 in any corporation, association, partnership, co-operative, or
17 other enterprise as a condition of its utilizing any satellite
18 terminal located within this state.

19 c. For the purposes of complying with paragraph "a", an
20 on-line point-of-sale terminal is not required to be available
21 for use by customers of a financial institution by means of an
22 access device by which an off-line point-of-sale terminal can
23 be used to engage in electronic transactions.

24 d. All off-line point-of-sale terminals located at the
25 retail location or retail locations within this state of a
26 single retailer are exempt from paragraph "a" if electronic
27 transactions can be initiated at each of such terminals only
28 by an access device unique to the retailer.

29 e. Paragraph "a" applies to a financial institution whose
30 licensed or principal place of business is located in a state
31 other than Iowa if all satellite terminals owned, controlled,
32 operated, or maintained by the financial institution, wherever
33 located, are available on a reciprocal basis to any financial
34 institution whose licensed or principal place of business is
35 located in this state, and to all customers who have been

1 designated by a financial institution using the satellite
2 terminal and who have been provided with an access device.

3 Sec. 13. Section 527.5, subsection 9, paragraph b,
4 subparagraph (2), Code 1989, is amended to read as follows:

5 (2) The transaction does not affect a deposit account held
6 by a financial institution ~~with-its-principal-office-in-this~~
7 state.

8 Sec. 14. Section 527.5, Code 1989, is amended by adding
9 the following new subsection:

10 NEW SUBSECTION. 10. A personal terminal may be utilized
11 by a financial institution to the extent permitted by this
12 chapter if the use and operation of the personal terminal is
13 governed by a written agreement between the controlling
14 financial institution and its customer and if the personal
15 terminal is utilized and maintained in compliance with sub-
16 section 9 and all other applicable sections of this chapter.
17 A telephone located at other than a personal residence and
18 used primarily as a personal terminal must be utilized and
19 maintained in compliance with this section.

20 Sec. 15. Section 527.8, subsection 1, Code 1989, is
21 amended to read as follows:

22 1. As a condition of exercising the privilege of utilizing
23 a satellite terminal, a financial institution is liable to
24 each of its customers for all losses incurred by the customer
25 as a result of the transmission or recording of electronic
26 impulses as a part of a transaction not authorized by the
27 customer or to which the customer was not a party. However,
28 if the financial institution has provided the customer with a
29 ~~physical-object-or-other-method-of~~ an access device for
30 engaging in a transaction at a satellite terminal which is
31 unique to the customer, and losses are incurred by the
32 customer as a result of the theft, loss or other compromise of
33 that ~~physical-object-or-other-method-of-engagement~~ access
34 device, the liability of the financial institution pursuant to
35 this section shall not include the first fifty dollars of any

1 losses incurred prior to the time the customer notifies the
2 financial institution of the theft, loss or compromise except
3 that the financial institution shall have no liability if the
4 losses are a result of the customer's fraudulent acts or
5 omissions.

6 Sec. 16. Section 527.9, subsection 2, paragraph e, Code
7 1989, is amended to read as follows:

8 e. An agreement by the applicant that the proposed central
9 routing unit will be capable of accepting and routing, and
10 will be operated to accept and route, transmissions of data
11 originating at any satellite terminal located in this state
12 ~~and controlled by the same type of financial institution as~~
13 ~~those financial institutions previously utilizing the services~~
14 ~~of the applicant central routing unit,~~ whether receiving from
15 that terminal or from a data processing center or other
16 central routing unit. ~~For the purposes of this paragraph the~~
17 ~~term "type of financial institution" shall, notwithstanding~~
18 ~~the issuer of the financial institution's charter, mean either~~
19 ~~(1) banks; or (2) savings and loan associations; or (3) credit~~
20 ~~unions.~~

21 Sec. 17. Section 10 of this Act takes effect January 1,
22 1990.

23 EXPLANATION

24 This bill provides for the expansion of Iowa's electronic
25 funds transfer system, alters the powers of the administrator,
26 and alters and adds several key definitions. Out-of-state
27 financial institutions are permitted to establish terminals in
28 Iowa on a reciprocal basis. Iowa financial institutions are
29 permitted to establish terminals outside of Iowa if permitted
30 by the other state. The bill expands the permissible
31 locations for automatic tellers and other nonpoint-of-sale
32 terminals effective January 1, 1990. Current mandatory
33 sharing language is amended to exempt off-line proprietary
34 point-of-sale terminals from mandatory sharing and to require
35 out-of-state financial institutions to share their electronic

1 funds transfer (EFT) terminals regardless of location if their
2 customers have access to any shared satellite terminal when in
3 an Iowa office. The bill also permits a new class of
4 "personal terminals".

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1 Section 1. Section 527.2, subsection 1, Code 1989, is
2 amended to read as follows:

3 1. "Administrator" means and includes the superintendent
4 of banking, the superintendent of savings and loan
5 associations, and the superintendent of credit unions within
6 the department of commerce and the supervisor of industrial
7 loan companies within the office of the superintendent of
8 banking. However, the powers of administration and
9 enforcement of this chapter shall be exercised only as
10 provided in section sections 527.3, 527.5, subsection 7,
11 527.11, 527.12, and any other pertinent provision of this
12 chapter.

13 Sec. 2. Section 527.2, subsection 2, Code 1989, is amended
14 to read as follows:

15 2. "Batch basis" means the periodic delivery of an
16 accumulation of messages representing multiple electronic
17 funds-transfer transactions authorized-or-rejected-by-the
18 customer's-financial-institution-at-a-prior-time after
19 completion of the transactions.

20 Sec. 3. Section 527.2, subsection 5, Code 1989, is amended
21 to read as follows:

22 5. "Financial institution" means and includes any bank
23 incorporated under the provisions of chapter 524 or federal
24 law, any savings and loan association incorporated under the
25 provisions of chapter 534 or federal law, any credit union
26 organized under the provisions of chapter 533 or federal law,
27 and any corporation licensed as an industrial loan company
28 under chapter 536A, and any bank, savings and loan
29 association, or credit union incorporated under federal law or
30 the laws of a state other than Iowa which has an office
31 located within this state.

32 Sec. 4. Section 527.2, subsection 8, Code 1989, is amended
33 to read as follows:

34 8. "On-line real time basis" means the immediate-and
35 instantaneous delivery or return of an-individual a message

1 initiated at a satellite terminal through transmission of
2 electronic impulses to or from a location remote from the
3 location of the satellite terminal prior to completion of the
4 transaction.

5 Sec. 5. Section 527.2, subsection 10, Code 1989, is
6 amended to read as follows:

7 10. "Satellite terminal" means and includes any machine or
8 device located off the premises of a financial institution,
9 whether attended or unattended, by means of which the
10 financial institution and its customers may engage through
11 either the immediate transmission of electronic impulses to or
12 from the financial institution or the recording of electronic
13 impulses or other indicia of a transaction for delayed
14 transmission to the financial institution, in transactions
15 which are incidental to the conduct of the business of the
16 financial institution and which otherwise are specifically
17 permitted by applicable law. "Satellite terminal" also
18 includes any machine or device located on the premises of a
19 financial institution only if the machine or device is
20 available for use by customers of other financial
21 institutions. However, the term "satellite terminal" does not
22 include any such machine or device, wherever located, if that
23 machine or device is not generally accessible to persons other
24 than employees of a financial institution or an affiliate of a
25 financial institution.

26 Sec. 6. Section 527.2, subsection 11, Code 1989, is
27 amended by striking the subsection and inserting in lieu
28 thereof the following:

29 11. "On-line point-of-sale terminal" means a satellite
30 terminal that satisfies the requirements of section 527.4,
31 subsection 3, paragraph "d" and is operated on an on-line real
32 time basis.

33 Sec. 7. Section 527.2, Code 1989, is amended by adding the
34 following new subsections:

35 NEW SUBSECTION. 12. "Off-line point-of-sale terminal"

1 means a satellite terminal that satisfies the requirements of
2 section 527.4, subsection 3, paragraph "d" and is other than
3 an on-line point-of-sale terminal.

4 NEW SUBSECTION. 13. "Office" means and includes any
5 business location in this state of a financial institution at
6 which is offered the services of accepting deposits,
7 originating loans, and dispensing cash, by financial insti-
8 tution personnel in the office.

9 NEW SUBSECTION. 14. "Access device" means a card, code,
10 or other means of access to a customer's account, or any
11 combination thereof, that may be used by the customer for the
12 purpose of initiating a transaction by means of a satellite
13 terminal.

14 NEW SUBSECTION. 15. "Personal terminal" means and in-
15 cludes a satellite terminal located in a personal residence
16 and a telephone, wherever located, operated by a customer of a
17 financial institution for the purpose of initiating a
18 transaction affecting a noncommercial account of the customer.

19 NEW SUBSECTION. 16. "Completion of the transaction" means
20 when the presence of the customer at a satellite terminal is
21 no longer needed to consummate the sale of goods or services,
22 to grant to the seller the right to receive payment for the
23 goods or services, and to issue a receipt to the customer.

24 NEW SUBSECTION. 17. "Reciprocal basis" means that a
25 financial institution whose licensed or principal place of
26 business is located in this state has the express authority
27 under the laws of a state other than Iowa to conduct business
28 under qualifications and conditions which are no more
29 restrictive than those imposed by the laws of the other state
30 on financial institutions whose licensed or principal place of
31 business is located in the other state, as determined by the
32 administrator, and the laws of Iowa are no more restrictive of
33 financial institutions whose licensed or principal place of
34 business is located in such other state than they are of
35 financial institutions whose licensed or principal place of

1 business is located in this state.

2 Sec. 8. Section 527.4, subsection 1, Code 1989, is amended
3 to read as follows:

4 1. A satellite terminal shall not be established within
5 this state except by any a financial institution, except one
6 whose principal place of business is located in this state, or
7 one who which has a business location licensed in this state
8 under chapter 536A, or one which has an office located in this
9 state and which meets the requirements of subsection 4.

10 Sec. 9. Section 527.4, subsection 2, Code 1989, is amended
11 to read as follows:

12 2. A financial institution whose licensed or principal
13 place of business is located in this state shall not establish
14 a satellite terminal at any location outside of this state
15 unless the other state provides for the establishment of
16 satellite terminals by Iowa financial institutions on a
17 reciprocal basis.

18 Sec. 10. Section 527.4, subsection 3, Code 1989, is
19 amended to read as follows:

20 3. ~~a~~ A financial institution whose licensed or principal
21 place of business is located within this state may establish
22 any number of satellite terminals in any of the following
23 locations:

24 ~~(1)~~ a. Within the boundaries of a municipal corporation if
25 the principal place of business or an office of the financial
26 institution is also located within the boundaries of the
27 municipal corporation.

28 ~~(2)~~ b. Within the boundaries of an urban complex composed
29 of two or more Iowa municipal corporations each of which is
30 contiguous to or corners upon at least one of the other
31 municipal corporations within the urban complex if the
32 principal place of business or an office of the financial
33 institution is also located in the urban complex.

34 ~~(3)--Within-the-unincorporated-area-of-a-county-in-which~~
35 ~~the-financial-institution-has-its-principal-place-of-business~~

1 or-an-office-

2 ~~(4)--Within-a-municipal-corporation-located-in-the-same~~
3 ~~county-as-the-principal-place-of-business-or-an-office-of-the~~
4 ~~financial-institution-if-another-financial-institution-has-not~~
5 ~~located-its-principal-place-of-business-or-an-office-within~~
6 ~~the-municipal-corporation-~~

7 c. Within the Iowa county in which the financial
8 institution has its principal place of business or an office.

9 (5) d. At any retail sales location in this state if any
10 all of the following apply:

11 (a) (1) The satellite terminal is not designed,
12 configured, or operated to accept deposits or to dispense
13 script scrip or other negotiable instruments.

14 (b) (2) The satellite terminal is not designed,
15 configured, or operated to dispense cash except when operated
16 by the retailer as part of a retail sales transaction.

17 (c) (3) The satellite terminal is utilized for the purpose
18 of making payment to the retailer for goods or services
19 purchased at the location of the satellite terminal.

20 ~~(d)--The-financial-institution-controls-a-satellite~~
21 ~~terminal-described-under-subparagraph-part-(c)-at-a-location~~
22 ~~of-the-retailer-established-pursuant-to-subparagraph-(1)-(2)-~~
23 ~~(3)-or-(4)-~~

24 A financial institution shall not establish a satellite
25 terminal at any other location except pursuant to an agreement
26 with a financial institution which is authorized by this
27 paragraph-"a" subsection to establish a satellite terminal at
28 that location and which will utilize the satellite terminal at
29 that location. This paragraph-"a" subsection does not amend,
30 modify, or supersede any provision of chapter 524 regulating
31 the number or locations of bank offices of a state or national
32 bank, or authorize the establishment by a financial
33 institution of any offices or other facilities except
34 satellite terminals at locations permitted by this paragraph
35 "a" subsection.

1 ~~b. Paragraph "a" of this subsection does not apply to a~~
2 ~~corporation licensed under chapter 536A. A corporation~~
3 ~~licensed under that chapter may establish within the~~
4 ~~boundaries of a municipal corporation, or an urban complex~~
5 ~~composed of two or more Iowa municipal corporations each of~~
6 ~~which is contiguous to or corners upon at least one of the~~
7 ~~other municipal corporations within the complex, any number of~~
8 ~~satellite terminals which are satellite terminals of a~~
9 ~~licensed business location of the corporation which is located~~
10 ~~within the municipal corporation or urban complex. The~~
11 ~~corporation shall not establish a satellite terminal at any~~
12 ~~other location except pursuant to an agreement with another~~
13 ~~financial institution which is authorized by the preceding~~
14 ~~sentence to establish a satellite terminal at that location~~
15 ~~and which utilizes the satellite terminal so established.~~

16 Sec. 11. Section 527.4, Code 1989, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 4. A financial institution whose licensed
19 or principal place of business is not located in this state
20 may establish, control, maintain, or operate any number of
21 satellite terminals at the locations identified in subsection
22 3, paragraphs "a", "b", "c", and "d" if both of the following
23 apply:

24 a. The other state provides for the establishment, con-
25 trol, maintenance, or operation of satellite terminals by a
26 financial institution, whose licensed or principal place of
27 business is located in this state, on a reciprocal basis.

28 b. All satellite terminals, wherever located, that are
29 owned, controlled, maintained, or operated by the financial
30 institution are available for use on a nondiscriminatory basis
31 by any other financial institution which engages in electronic
32 transactions in this state and by all customers who have
33 minimum contact with this state and who have been designated
34 by a financial institution using the satellite terminal and
35 who have been provided with an access device, approved by the

1 administrator, by which to engage in electronic transactions
2 by means of the satellite terminal.

3 Sec. 12. Section 527.5, subsection 2, Code 1989, is
4 amended to read as follows:

5 2. a. The A satellite terminal shall be available for use
6 on a nondiscriminatory basis by any other financial
7 institution which has its principal place of business within
8 this state, and by all customers who have been designated by a
9 financial institution using the satellite terminal and who
10 have been provided with ~~a physical object or other method~~ an
11 access device, approved by the administrator, by which to
12 engage in electronic transactions by means of the satellite
13 terminal.

14 b. No A financial institution shall not be required to
15 join, be a member or shareholder of, or otherwise participate
16 in any corporation, association, partnership, co-operative, or
17 other enterprise as a condition of its utilizing any satellite
18 terminal located within this state.

19 c. For the purposes of complying with paragraph "a", an
20 on-line point-of-sale terminal is not required to be available
21 for use by customers of a financial institution by means of an
22 access device by which an off-line point-of-sale terminal can
23 be used to engage in electronic transactions.

24 d. All off-line point-of-sale terminals located at the
25 retail location or retail locations within this state of a
26 single retailer are exempt from paragraph "a" if electronic
27 transactions can be initiated at each of such terminals only
28 by an access device unique to the retailer.

29 e. Paragraph "a" applies to a financial institution whose
30 licensed or principal place of business is located in a state
31 other than Iowa if all satellite terminals owned, controlled,
32 operated, or maintained by the financial institution, wherever
33 located, are available on a reciprocal basis to any financial
34 institution whose licensed or principal place of business is
35 located in this state, and to all customers who have been

1 designated by a financial institution using the satellite
2 terminal and who have been provided with an access device.

3 Sec. 13. Section 527.5, subsection 9, paragraph b,
4 subparagraph (2), Code 1989, is amended to read as follows:

5 (2) The transaction does not affect a deposit account held
6 by a financial institution ~~with its principal office in this~~
7 ~~state.~~

8 Sec. 14. Section 527.5, Code 1989, is amended by adding
9 the following new subsection:

10 NEW SUBSECTION. 10. A personal terminal may be utilized
11 by a financial institution to the extent permitted by this
12 chapter if the use and operation of the personal terminal is
13 governed by a written agreement between the controlling
14 financial institution and its customer and if the personal
15 terminal is utilized and maintained in compliance with sub-
16 section 9 and all other applicable sections of this chapter.
17 A telephone located at other than a personal residence and
18 used primarily as a personal terminal must be utilized and
19 maintained in compliance with this section.

20 Sec. 15. Section 527.8, subsection 1, Code 1989, is
21 amended to read as follows:

22 1. As a condition of exercising the privilege of utilizing
23 a satellite terminal, a financial institution is liable to
24 each of its customers for all losses incurred by the customer
25 as a result of the transmission or recording of electronic
26 impulses as a part of a transaction not authorized by the
27 customer or to which the customer was not a party. However,
28 if the financial institution has provided the customer with a
29 ~~physical object or other method of~~ an access device for
30 engaging in a transaction at a satellite terminal which is
31 unique to the customer, and losses are incurred by the
32 customer as a result of the theft, loss or other compromise of
33 that ~~physical object or other method of engagement~~ access
34 device, the liability of the financial institution pursuant to
35 this section shall not include the first fifty dollars of any

1 losses incurred prior to the time the customer notifies the
2 financial institution of the theft, loss or compromise except
3 that the financial institution shall have no liability if the
4 losses are a result of the customer's fraudulent acts or
5 omissions.

6 Sec. 16. Section 527.9, subsection 2, paragraph e, Code
7 1989, is amended to read as follows:

8 e. An agreement by the applicant that the proposed central
9 routing unit will be capable of accepting and routing, and
10 will be operated to accept and route, transmissions of data
11 originating at any satellite terminal located in this state
12 ~~and controlled by the same type of financial institution as~~
13 ~~those financial institutions previously utilizing the services~~
14 ~~of the applicant central routing unit, whether receiving from~~
15 that terminal or from a data processing center or other
16 central routing unit. ~~For the purposes of this paragraph the~~
17 ~~term "type of financial institution" shall, notwithstanding~~
18 ~~the issuer of the financial institution's charter, mean either~~
19 ~~(1) banks, or (2) savings and loan associations, or (3) credit~~
20 ~~unions.~~

21 Sec. 17. Section 10 of this Act takes effect January 1,
22 1990.

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SENATE FILE 130

AN ACT

RELATING TO THE ESTABLISHMENT AND OPERATION OF POINT-OF-SALE
AND AUTOMATIC TELLER MACHINE TERMINALS AND PROVIDING AN
EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 527.2, subsection 1, Code 1989, is amended to read as follows:

1. "Administrator" means and includes the superintendent of banking, the superintendent of savings and loan associations, and the superintendent of credit unions within the department of commerce and the supervisor of industrial loan companies within the office of the superintendent of banking. However, the powers of administration and enforcement of this chapter shall be exercised only as provided in section sections 527.3, 527.5, subsection 7, 527.11, 527.12, and any other pertinent provision of this chapter.

Sec. 2. Section 527.2, subsection 2, Code 1989, is amended to read as follows:

2. "Batch basis" means the periodic delivery of an accumulation of messages representing multiple electronic funds-transfer transactions authorized-or-rejected-by-the customer's-financial-institution-at-a-prior-time after completion of the transactions.

Sec. 3. Section 527.2, subsection 5, Code 1989, is amended to read as follows:

5. "Financial institution" means and includes any bank incorporated under the provisions of chapter 524 or federal law, any savings and loan association incorporated under the provisions of chapter 534 or federal law, any credit union organized under the provisions of chapter 533 or federal law, and any corporation licensed as an industrial loan company under chapter 536A, and any bank, savings and loan association, or credit union incorporated under federal law or the laws of a state other than Iowa which has an office located within this state.

Sec. 4. Section 527.2, subsection 8, Code 1989, is amended to read as follows:

8. "On-line real time basis" means the immediate-and instantaneous delivery or return of an-individual a message initiated at a satellite terminal through transmission of electronic impulses to or from a location remote from the location of the satellite terminal prior to completion of the transaction.

Sec. 5. Section 527.2, subsection 10, Code 1989, is amended to read as follows:

10. "Satellite terminal" means and includes any machine or device located off the premises of a financial institution, whether attended or unattended, by means of which the financial institution and its customers may engage through either the immediate transmission of electronic impulses to or from the financial institution or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the financial institution, in transactions which are incidental to the conduct of the business of the financial institution and which otherwise are specifically permitted by applicable law. "Satellite terminal" also includes any machine or device located on the premises of a financial institution only if the machine or device is available for use by customers of other financial institutions. However, the term "satellite terminal" does not

include any such machine or device, wherever located, if that machine or device is not generally accessible to persons other than employees of a financial institution or an affiliate of a financial institution.

Sec. 6. Section 527.2, subsection 11, Code 1989, is amended by striking the subsection and inserting in lieu thereof the following:

11. "On-line point-of-sale terminal" means a satellite terminal that satisfies the requirements of section 527.4, subsection 3, paragraph "d" and is operated on an on-line real time basis.

Sec. 7. Section 527.2, Code 1989, is amended by adding the following new subsections:

NEW SUBSECTION. 12. "Off-line point-of-sale terminal" means a satellite terminal that satisfies the requirements of section 527.4, subsection 3, paragraph "d" and is other than an on-line point-of-sale terminal.

NEW SUBSECTION. 13. "Office" means and includes any business location in this state of a financial institution at which is offered the services of accepting deposits, originating loans, and dispensing cash, by financial institution personnel in the office.

NEW SUBSECTION. 14. "Access device" means a card, code, or other means of access to a customer's account, or any combination thereof, that may be used by the customer for the purpose of initiating a transaction by means of a satellite terminal.

NEW SUBSECTION. 15. "Personal terminal" means and includes a satellite terminal located in a personal residence and a telephone, wherever located, operated by a customer of a financial institution for the purpose of initiating a transaction affecting a noncommercial account of the customer.

NEW SUBSECTION. 16. "Completion of the transaction" means when the presence of the customer at a satellite terminal is no longer needed to consummate the sale of goods or services,

to grant to the seller the right to receive payment for the goods or services, and to issue a receipt to the customer.

NEW SUBSECTION. 17. "Reciprocal basis" means that a financial institution whose licensed or principal place of business is located in this state has the express authority under the laws of a state other than Iowa to conduct business under qualifications and conditions which are no more restrictive than those imposed by the laws of the other state on financial institutions whose licensed or principal place of business is located in the other state, as determined by the administrator, and the laws of Iowa are no more restrictive of financial institutions whose licensed or principal place of business is located in such other state than they are of financial institutions whose licensed or principal place of business is located in this state.

Sec. 8. Section 527.4, subsection 1, Code 1989, is amended to read as follows:

1. A satellite terminal shall not be established within this state except by any a financial institution, except one whose principal place of business is located in this state, or one who which has a business location licensed in this state under chapter 536A, or one which has an office located in this state and which meets the requirements of subsection 4.

Sec. 9. Section 527.4, subsection 2, Code 1989, is amended to read as follows:

2. A financial institution whose licensed or principal place of business is located in this state shall not establish a satellite terminal at any location outside of this state unless the other state provides for the establishment of satellite terminals by Iowa financial institutions on a reciprocal basis.

Sec. 10. Section 527.4, subsection 3, Code 1989, is amended to read as follows:

3. A financial institution whose licensed or principal place of business is located within this state may establish

any number of satellite terminals in any of the following locations:

{1} a. Within the boundaries of a municipal corporation if the principal place of business or an office of the financial institution is also located within the boundaries of the municipal corporation.

{2} b. Within the boundaries of an urban complex composed of two or more Iowa municipal corporations each of which is contiguous to or corners upon at least one of the other municipal corporations within the urban complex if the principal place of business or an office of the financial institution is also located in the urban complex.

~~{3}--Within the unincorporated area of a county in which the financial institution has its principal place of business or an office--~~

~~{4}--Within a municipal corporation located in the same county as the principal place of business or an office of the financial institution if another financial institution has not located its principal place of business or an office within the municipal corporation--~~

c. Within the Iowa county in which the financial institution has its principal place of business or an office.

{5} d. At any retail sales location in this state if any all of the following apply:

{a} (1) The satellite terminal is not designed, configured, or operated to accept deposits or to dispense script scrip or other negotiable instruments.

{b} (2) The satellite terminal is not designed, configured, or operated to dispense cash except when operated by the retailer as part of a retail sales transaction.

{c} (3) The satellite terminal is utilized for the purpose of making payment to the retailer for goods or services purchased at the location of the satellite terminal.

~~{d}--The financial institution controls a satellite terminal described under subparagraph part (c) at a location~~

~~of the retailer established pursuant to subparagraph (1), (2), (3), or (4);~~

A financial institution shall not establish a satellite terminal at any other location except pursuant to an agreement with a financial institution which is authorized by this paragraph "a" subsection to establish a satellite terminal at that location and which will utilize the satellite terminal at that location. This paragraph "a" subsection does not amend, modify, or supersede any provision of chapter 524 regulating the number or locations of bank offices of a state or national bank, or authorize the establishment by a financial institution of any offices or other facilities except satellite terminals at locations permitted by this paragraph "a" subsection.

~~b.--Paragraph "a" of this subsection does not apply to a corporation licensed under chapter 536A.--A corporation licensed under that chapter may establish within the boundaries of a municipal corporation, or an urban complex composed of two or more Iowa municipal corporations each of which is contiguous to or corners upon at least one of the other municipal corporations within the complex, any number of satellite terminals which are satellite terminals of a licensed business location of the corporation which is located within the municipal corporation or urban complex.--The corporation shall not establish a satellite terminal at any other location except pursuant to an agreement with another financial institution which is authorized by the preceding sentence to establish a satellite terminal at that location and which utilizes the satellite terminal so established--~~

Sec. 11. Section 527.4, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 4. A financial institution whose licensed or principal place of business is not located in this state may establish, control, maintain, or operate any number of satellite terminals at the locations identified in subsection

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3, paragraphs "a", "b", "c", and "d" if both of the following apply:

a. The other state provides for the establishment, control, maintenance, or operation of satellite terminals by a financial institution, whose licensed or principal place of business is located in this state, on a reciprocal basis.

b. All satellite terminals, wherever located, that are owned, controlled, maintained, or operated by the financial institution are available for use on a nondiscriminatory basis by any other financial institution which engages in electronic transactions in this state and by all customers who have minimum contact with this state and who have been designated by a financial institution using the satellite terminal and who have been provided with an access device, approved by the administrator, by which to engage in electronic transactions by means of the satellite terminal.

Sec. 12. Section 527.5, subsection 2, Code 1989, is amended to read as follows:

2. a. The A satellite terminal shall be available for use on a nondiscriminatory basis by any other financial institution which has its principal place of business within this state, and by all customers who have been designated by a financial institution using the satellite terminal and who have been provided with ~~a-physical-object-or-other-method~~ an access device, approved by the administrator, by which to engage in electronic transactions by means of the satellite terminal.

b. No A financial institution shall not be required to join, be a member or shareholder of, or otherwise participate in any corporation, association, partnership, co-operative, or other enterprise as a condition of its utilizing any satellite terminal located within this state.

c. For the purposes of complying with paragraph "a", an on-line point-of-sale terminal is not required to be available for use by customers of a financial institution by means of an

access device by which an off-line point-of-sale terminal can be used to engage in electronic transactions.

d. All off-line point-of-sale terminals located at the retail location or retail locations within this state of a single retailer are exempt from paragraph "a" if electronic transactions can be initiated at each of such terminals only by an access device unique to the retailer.

e. Paragraph "a" applies to a financial institution whose licensed or principal place of business is located in a state other than Iowa if all satellite terminals owned, controlled, operated, or maintained by the financial institution, wherever located, are available on a reciprocal basis to any financial institution whose licensed or principal place of business is located in this state, and to all customers who have been designated by a financial institution using the satellite terminal and who have been provided with an access device.

Sec. 13. Section 527.5, subsection 9, paragraph b, subparagraph (2), Code 1989, is amended to read as follows:

(2) The transaction does not affect a deposit account held by a financial institution ~~with-its-principal-office-in-this state.~~

Sec. 14. Section 527.5, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 10. A personal terminal may be utilized by a financial institution to the extent permitted by this chapter if the use and operation of the personal terminal is governed by a written agreement between the controlling financial institution and its customer and if the personal terminal is utilized and maintained in compliance with subsection 9 and all other applicable sections of this chapter. A telephone located at other than a personal residence and used primarily as a personal terminal must be utilized and maintained in compliance with this section.

Sec. 15. Section 527.8, subsection 1, Code 1989, is amended to read as follows:

1. As a condition of exercising the privilege of utilizing a satellite terminal, a financial institution is liable to each of its customers for all losses incurred by the customer as a result of the transmission or recording of electronic impulses as a part of a transaction not authorized by the customer or to which the customer was not a party. However, if the financial institution has provided the customer with a ~~physical-object-or-other-method-of~~ an access device for engaging in a transaction at a satellite terminal which is unique to the customer, and losses are incurred by the customer as a result of the theft, loss or other compromise of that ~~physical-object-or-other-method-of-engagement~~ access device, the liability of the financial institution pursuant to this section shall not include the first fifty dollars of any losses incurred prior to the time the customer notifies the financial institution of the theft, loss or compromise except that the financial institution shall have no liability if the losses are a result of the customer's fraudulent acts or omissions.

Sec. 16. Section 527.9, subsection 2, paragraph e, Code 1989, is amended to read as follows:

e. An agreement by the applicant that the proposed central routing unit will be capable of accepting and routing, and will be operated to accept and route, transmissions of data originating at any satellite terminal located in this state ~~and controlled by the same type of financial institution as those financial institutions previously utilizing the services of the applicant central routing unit~~, whether receiving from that terminal or from a data processing center or other central routing unit. ~~For the purposes of this paragraph the term "type of financial institution" shall, notwithstanding the issuer of the financial institution's charter, mean either (1) banks; or (2) savings and loan associations; or (3) credit unions.~~

Sec. 17. Section 10 of this Act takes effect January 1, 1990.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 130, Seventy-third General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved 5/2, 1989

TERRY E. BRANSTAD
Governor

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