

## GoodSense for Banks: Considerations for Closing Branches or Limiting Access

*State and National Guidelines*

### **Are you considering closing your branch or limiting access?**

In this difficult time of social distancing, many banks have or are considering reducing or eliminating access to their branch lobbies. Here is the official guidance from the Office of State Bank Commissioner (OSBC) and the Office of the Comptroller of the Currency (OCC):

#### **State Banks and State Thrifts Guidance – from the OSBC**

- **How to place notice:** A bank may place notice on the lobby doors of any location asking customers to use its drive-thru services rather than entering the lobby.
- **Business of banking services requirement:** Notice to the Office of State Bank Commissioner (OSBC) is not required, provided the bank provides all "business of banking" services to customers. K.S.A. 9-701(b) defines the business of banking as receiving or accepting money on deposit, and may include the performance of related activities that are not exclusive to banks, including paying drafts or checks, lending money or any other activity authorized by applicable law.
- **In-person activities include but are not limited to:** access to safe deposit boxes, loan application services, and loan closing activities. These in-person activities are included within the OSBC definition of "business of banking" services.

#### **National Banks and Federal Thrifts Guidance – from the OCC**

The OCC understands that banks may need to temporarily close or otherwise reduce access to a facility because of staffing challenges or to take precautionary measures. The OCC encourages banks to reduce disruptions to their customers, provide alternative service options when practical, and reopen affected facilities when it is safe to do so.

- **Affected banks are encouraged to:** notify their OCC supervisory office and their customers of temporary closure of a bank's facilities and the availability of any alternative service options as soon as practical.
- **In person services must be provided:** It is important to note that the OSBC has taken the position that state banks which want to reduce access to bank lobbies must still be able to provide "in person" services, such as access to safe deposit boxes. This can be done by limiting the number of customers that are in the branch lobby at any given time. If the branch is not able to do this, then permission should be sought from the OSBC to temporarily close the branch.

While the OCC is not as clear in its position, we believe that the OSBC approach should be followed by national banks as well, unless you have specific permission from the OCC to do otherwise.

## Additional Resources

We know that there are questions and uncertainty about the potential impact of COVID-19.

The FDIC has issued two sets of frequently asked questions (FAQs), one for financial institutions and one for consumers. The FAQs address a variety of issues that may arise as financial institutions work with customers and communities affected by COVID-19:

- <https://www.fdic.gov/coronavirus/faq-fi.pdf>
- <https://www.fdic.gov/coronavirus/faq-customer.pdf>

Additionally, K-Coe Isom has set up a [“COVID-19 Resources & Updates” page](#) that sorts through the noise, and provides you with the official action items, guidelines, and resources your financial institution needs right now.

- **Sign up for our [Virtual Town Hall sessions](#)** – for guidance and live questions on crisis planning, employee communications, lender discussions – everything that businesses are facing due to COVID-19.