



FEDERAL RESERVE BANK *of* KANSAS CITY

February 5, 2009

Risk Management of Remote Deposit Capture Activities

ATTENTION: Chief Executive Officers of all State Member Banks in the Tenth Federal Reserve District

SUBJECT: **SR 09-02-FFIEC Guidance Addressing Risk Management of Remote Deposit Capture**

IN BRIEF: The SR letter establishes the FFIEC's expectations regarding risk management practices for remote deposit capture.

HIGHLIGHTS: The Federal Financial Institutions Examination Council's (FFIEC) has issued risk management guidance for remote deposit capture (RDC) activities. RDC is a delivery system that enables financial institution customers to initiate deposits in digital format at customers' locations and, in most instances, eliminates the requirement to physically deliver deposited items to the financial institution. RDC systems have the potential to decrease processing costs, support new and existing banking products, and accelerate customer funds availability. However, RDC also introduces new risks and increases existing risks inherent in traditional deposit processing, including legal, compliance, reputational, and operational risks. The following considerations are expected in managing remote deposit capture activities:

- Sound risk management and mitigation processes at the financial institution and at customer locations;
- An initial assessment, and periodic assessments thereafter, to identify the types and levels of risk exposure presented by RDC implementation;
- Comprehensive customer contracts and agreements that clearly identify roles, responsibilities, and liabilities of all parties in the RDC process; and,
- Appropriate technology and process controls at both the institution and customer locations to address operational risk.

Financial institutions can expect examiners to evaluate remote deposit capture activities during the next regularly scheduled examination.

FURTHER

INFORMATION: Questions regarding Remote Deposit Capture may be directed to the Examination and Inspection Department at one of the numbers below:

Kansas City Office

David Au
(800) 333-1010, ext. 12401

Denver Office

Kenneth Boldt
(800) 333-1020, ext. 22526

INTERNET

ACCESS: Copies of the SR/CA letter and examination procedures are available on-line at the Federal Reserve System's public Web site:

<http://www.federalreserve.gov/boarddocs/srletters/2009/SR0902.htm>