



FEDERAL RESERVE BANK *of* KANSAS CITY

April 1, 2010

**FFIEC RETAIL PAYMENTS BOOKLET**

**Attention:** Chief Executive Officer of Each Tenth District State Member Bank

**Subject:** SR 10-3 - FFIEC Retail Payment Systems Booklet

**In Brief:** On February 26, 2010, the Federal Financial Institutions Examination Council (FIEC) issued updated guidance for examiners, financial institutions, and technology service providers on the risks and risk-management practices applicable to financial institutions' retail payment systems activities. The guidance, which is included in the *FFIEC Information Technology Examination Handbook*, is an update to the "Retail Payments Systems Booklet" (Booklet), which was issued in March 2004.

**Highlights:** The revised Booklet provides risk identification and management guidance related to the operational impact of The Check Clearing for the 21<sup>st</sup> Century Act of 2004 (commonly known as Check 21 Act). It also provides expanded guidance on merchant card processing and automated clearing house (ACH) activities, with more in-depth discussion of the risks posed by these activities and some of the risk-management tools financial institutions can use to mitigate them. There are also brief discussions addressing some of the emerging technologies in retail payments, including contactless payment cards, biometrics, and proximity payments. The Booklet includes information on remotely created checks and electronically created payment orders, both of which are being used more frequently in today's rapidly evolving payments landscape. Finally, the Booklet addresses remote deposit capture activities and provides examination guidance with the January 14, 2009 FFIEC guidance on "Risk Management of Remote Deposit Capture" (SR Letter 09-02).

**Further Information:** Questions regarding the Booklet may be directed to the Examination and Inspections Department at one of the numbers below:

Kansas City Office  
(800) 333-1010, ext. 12401

Denver Office  
(800) 333-1020, ext. 22526

**Internet:** The SR letter is available on the Board of Governors' website at [www.federalreserve.gov](http://www.federalreserve.gov). A copy of the revised handbook is available on the FFIEC's web site at [www.ffiec.gov](http://www.ffiec.gov).