

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

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**BANKING SUPERVISION AND REGULATION:
FFIEC GUIDANCE ADDRESSING RISK MANAGEMENT
OF REMOTE DEPOSIT CAPTURE ACTIVITIES**

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

**Federal Financial Institutions Examination Council (FFIEC) Guidance Addressing Risk
Management of Remote Deposit Capture Activities**

The Federal Financial Institutions Examination Council (FFIEC) member agencies issued guidance to identify risks in financial institutions' remote deposit capture (RDC) systems and to evaluate the adequacy of associated controls and applicable risk management practices.

RDC is a delivery system that enables financial institution customers to initiate deposits of checks in digital format at customers' locations and, in most instances, eliminates the requirement to physically deliver deposited items to the financial institution. RDC systems could potentially 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.

Financial institutions that have implemented RDC or are considering doing so should use sound risk management processes. An effective risk management program includes:

- 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;
- Appropriate technology and process controls at both the institution and customer locations to address operational risk; and
- Effective risk measurement and monitoring by the institution.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact one of the following:

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Attachments: [FFIEC Press Release](#)