

MEMORANDUM

To: Subscribers to *Guide to Remote Deposit and Branch Capture*

From: Sheshunoff Information Services

Subject: Highlights

This update includes new and revised information on the following topics:

- *Regulatory oversight.* With the rapid expansion of remote deposit capture, it is anticipated that there will be regulatory guidance to be used during the information technology portion of examinations conducted on financial institutions offering the service to their clients. A comprehensive new section in Chapter 2 discusses current regulatory oversight; new regulatory information will be added as it is released. It is expected that regulators will look to ensure:
 - The security of check data throughout the remote capture process and until checks are destroyed
 - That businesses are required by their financial institution to store checks in a safe for a commercially reasonable time (generally one month) before destroying them
 - That financial institutions have systems to prevent checks from being duplicated or submitted for processing multiple times to reduce exposure to fraud
 - That financial institutions have proper methods of evaluating potential business clients and that they carefully evaluate the risks in certain industries and businesses
 - That financial institutions identify high-risk businesses that would not qualify for their RDC service
 - That financial institutions use scanners with franking to indicate that an item has been submitted electronically
 - That financial institutions processing items via ACH have a solid understanding of NACHA Operating Rules and have implemented procedures to adhere to those rules
- *Audit policy.* As a part of managing the potential risks associated with offering RDC services, consideration must be given to conducting an audit of these services. New exhibits in Chapter 2 contain a sample audit policy that references an audit or review of remote deposit capture services and a sample form that might be considered for use by management and the board in establishing and assigning audit areas.
- *RDC policy.* In developing an RDC policy, each institution should carefully consider the key areas to be covered and what, if any, other services may also be governed by the policy. Since there are many similarities in the potential risks of remote deposit capture and Internet cash management services provided to businesses, a policy may include both services. The new sample policy in Chapter 2 governs both of these services.
- *Remote deposit customer agreement — Check 21 only.* A new remote deposit customer agreement for customers who use Check 21 services, and not ACH services, has been added to the customer toolkit.