



Dear Valued Customer,

Following the implementation of Check 21, the financial services industry began rapidly implementing and expanding remote deposit capture services. This expansion of remote deposit capture as a new delivery system for financial institutions was the impetus for regulatory scrutiny and concern. The need for guidance was widely recognized among bank regulators as they understood the rapid expansion of this new delivery system and the related potential risks to financial institutions that had failed to conduct proper due diligence and establish solid risk management policies and procedures related to remote deposit capture systems. As a result, the FFIEC issued guidance on risk management of remote deposit capture to assist financial institutions in identifying risks, evaluating controls, and implementing risk management practices. The guidance discusses the required elements of a remote deposit capture risk management process in an electronic environment whether from a branch location or from deployment at customer sites.

In this latest update to *Guide to Remote Deposit and Branch Capture*, we have added a new chapter to deal with the FFIEC guidance. New Chapter 9 discusses:

- Key elements of the guidance
- Risk assessment
- Risk mitigation and controls
- Risk measurement and monitoring

The complete FFIEC guidance is included as an exhibit in Chapter 9.

The discussion of development of a remote deposit capture policy in Chapter 2 has been updated to incorporate the new FFIEC guidance, as well as the FFIEC IT handbooks, the FDIC's Financial Institution Letter 116-2004 on Check 21, and final amendments to Regulation CC. The sample RDC and Internet Cash Management Policy in Exhibit 2.3 has also been updated to reflect the FFIEC guidance.

The FACT Act requires financial institutions to establish an identity theft prevention program. New exhibits have been added to Chapter 2 to assist in the development of an identity theft prevention program:

- Red flag indicators identified by the FACT Act
- Sample identity theft prevention policy
- Sample returned mail procedures
- Sample hold mail procedures
- Sample change of address procedures

Our goal with the *Guide to Remote Deposit and Branch Capture* is to provide you with the tools and information you need to manage remote deposit and branch capture. Please let me know if you have suggestions for making this guide more useful; you can e-mail your comments to me at alana.foster@sheshunoff.com. For more information about all of our products, visit our Web site at www.sheshunoff.com or call us at 1-800-456-2340.

Sincerely,

Alana Foster
Senior Editor