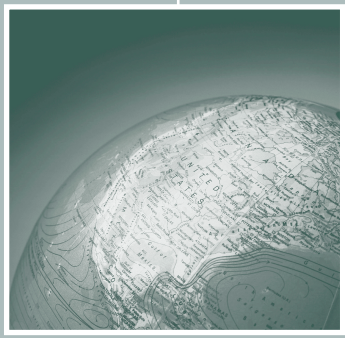
Tips for Safe Banking Over the Internet



This brochure is intended to provide the public with basic information about online banking. It is not intended to be a legal interpretation of the regulations and policies of the FDIC, the Federal Reserve System, the Office of the Comptroller of the Currency, or the Office of Thrift Supervision.

Produced by the FDIC in collaboration with
- The Federal Reserve Bank of New York;
- The Office of the Comptroller of the Currency; and
- The Office of Thrift Supervision.

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- Federal Deposit Insurance Corporation
- Federal Reserve Bank of New York
- Office of the Comptroller of the Currency
- Office of Thrift Supervision

As use of the Internet continues to expand, more banks and thrifts are using the Web to offer products and services or otherwise enhance communications with consumers.

The Internet offers the potential for safe, convenient new ways to shop for financial services and conduct banking business, any day, any time. However, safe banking online involves making good choices – decisions that will help you avoid costly surprises or even scams.

This brochure offers information and tips to help you if you are thinking about or already using online banking systems. We will tell you how to:

- Confirm that an online bank is legitimate and that your deposits are insured;
- Keep your personal information private and secure;
- Understand your rights as a consumer; and
- Learn where to go for more assistance from banking regulators.

So, before you click there, read here.

Confirm that an Online Bank Is Legitimate and that Your Deposits Are Insured

Whether you are selecting a traditional bank or an online bank that has no physical offices, it's wise to make sure that it is legitimate and that your deposits are federally insured. Here are tips specifically designed for consumers considering banking over the Internet.

- **Read key information about the bank posted on its Web site.**

Most bank Web sites have an "About Us" section or something similar that describes the institution. You may find a brief history of the bank, the official name and address of the bank's headquarters, and information about its insurance coverage from the FDIC.

- **Protect yourself from fraudulent Web sites.**

For example, watch out for copycat Web sites that deliberately use a name or Web address very similar to, but not the same as, that of a real financial institution. The intent is to lure you into clicking onto their Web site and giving your personal information, such as your account number and password. Always check to see that you have typed the correct Web site address for your bank before conducting a transaction.

- **Verify the bank's insurance status.**

To verify a bank's insurance status, look for the familiar FDIC logo or the words "Member FDIC" or "FDIC Insured" on the Web site.

FDIC

Also, you should check the FDIC's online database of FDIC-insured institutions. You can search for an institution by going to the FDIC's home page at **http://www.fdic.gov** and selecting "Is My Bank Insured?" Enter the official name, city, and state of the bank, and click the "Find My Institution" button. A positive match will display the official name of the bank, the date it became insured, its insurance certificate number, the main office location for the bank, and its primary government regulator. If your bank does not appear on this list, contact the FDIC.

Some bank Web sites provide links directly to the FDIC's Web site to assist you in identifying or verifying the FDIC insurance protection of their deposits.

Also remember that not all banks operating on the Internet are insured by the FDIC. Many banks that are not FDIC-insured are chartered overseas. If you choose to use a bank chartered overseas, it is important for you to know that the FDIC may not insure your deposits. Check with your bank or the FDIC if you are not certain.

- **For insurance purposes, be aware that a bank may use different names for its online and traditional services; this does not mean you are dealing with separate banks.**

This means, for example, that to determine your maximum FDIC insurance coverage, your deposits at the parent bank will be added together with those at the separately named bank Web site and will be insured for up to the maximum amount covered for one bank. Talk to your banker if you have questions.

- **Know where to get more information about FDIC insurance.**

Don't worry about your deposit insurance coverage if you or your family have less than $100,000 in all your accounts combined at the same FDIC-insured bank. But if your accounts total $100,000 or more, find out if they're within the insurance limit. Contact your bank for more information.

For additional assistance from the FDIC about the legitimacy of an institution or the insurance of your deposits, call the FDIC's Division of Compliance and Consumer Affairs toll-free at 800-934-3342 or send an e-mail via the FDIC's online Customer Assistance page at **http://www.fdic.gov/consumers/questions/customer/index.html.**

The FDIC's Web site also has an interactive service called EDIE (Electronic Deposit Insurance Estimator) that can help you determine the amount of your insurance coverage. You can find EDIE at **http://www2.fdic.gov/edie/.** Or, you can read the online deposit insurance brochure, "Your Insured Deposit," located at **http://www.fdic.gov/deposit/deposits/insured/index.html.**

It's important to note that only ***deposits*** offered by FDIC-insured institutions are protected by the FDIC. Nondeposit investment and insurance products, such as mutual funds, stocks, annuities and life insurance policies that may be sold through Web sites or at the bank itself, are ***not*** FDIC-insured, are not guaranteed by the bank, and may lose value.

Protect Your Privacy

Some consumers may want to know how their personal information is used by their bank and whether it is shared with affiliates of the bank or other parties.

Starting July 2001, banks are required to give you a copy of their privacy policy once you become their customer, regardless of whether you are conducting business online or offline. You may also see a copy of it posted at the bank's Web site. By reviewing this policy you can learn what information the bank keeps about you, and what information, if any, it shares with other companies.

Banks may want to share information about you to help market products specific to your needs and interests. If you do not wish to participate in information sharing, however, you have the right to prevent your bank from sharing your private personal information with parties not affiliated with the bank, except in certain limited circumstances. As of July 2001, your bank should provide a clear method for you to "opt out" of this type of information sharing.

You may have heard that some companies track your Web browsing habits while at their site, to understand your interests and then to market particular services or promotions. You may want to ask whether your bank tracks your browsing habits if these practices concern you. Also, your Web browser may enable you to block the ability of outside companies to track your browsing habits.

Your bank and your Internet service provider may have more information about how to protect your privacy online.

Help Keep Your Transactions Secure

The Internet is a public network. Therefore, it is important to learn how to safeguard your banking information, credit card numbers, Social Security Number and other personal data.

- **Look at your bank's Web site for information about its security practices, or contact the bank directly.**

Also learn about and take advantage of security features. Some examples are:

- ***Encryption*** is the process of scrambling private information to prevent unauthorized access. To show that your transmission is encrypted, some browsers display a small icon on your screen that looks like a "lock" or a "key" whenever you conduct secure transactions online. Avoid sending sensitive information, such as account numbers, through unsecured e-mail.

- ***Passwords or personal identification numbers (PINs)*** should be used when accessing an account online. Your password should be unique to you and you should change it regularly. Do not use birthdates or other numbers or words that may be easy for others to guess. Be careful who you give your password to. For example, if you use a financial company that requires your passwords in order to gather your financial data from various sources, make sure you learn about the company's privacy and security practices.

- ***General security*** over your personal computer such as virus protection and physical access controls should be used and updated regularly. Contact your hardware and software suppliers or Internet service

provider to ensure you have the latest in security updates.

If you have a security concern about your online accounts, contact your bank to discuss possible problems and remedies.

- **Remember that nonfinancial Web sites that are linked to your bank's site are not FDIC-insured.**

As an added convenience to their customers, some banks offer online links to merchants, retail stores, travel agents and other nonfinancial sites. An outside company's products and services are not insured by the FDIC, and your bank may not guarantee the products and services.

As in everyday business, before you order a product or service online, make sure you are comfortable with the reputation of the company making the offer. Only then should you give out your credit card or debit card number. And never give the number unless you initiated the transaction.

For More Help

- **Answers to your questions.**

Many regulations provide consumer protection for both traditional and online transactions. If you have any questions or concerns, first try to get answers from your bank. If you're still not satisfied, contact the appropriate federal regulator.

For a brief overview of the regulations, log on to the FDIC's Consumer Rights Web page at **http://www.fdic.gov/consumers/consumer/rights/index.html.** If you'd like to review the regulations, you can look them up at **http://www.federalreserve.gov/regulations/.**

- **Where to file a complaint.**

If you know your bank's primary regulator, you may file your complaint online or via e-mail using one of the following methods. If you are not certain where to file your complaint, you may contact any of the agencies listed below and they will direct you to the appropriate office.

Federal Deposit Insurance Corporation:
http://www2.fdic.gov/starsmail

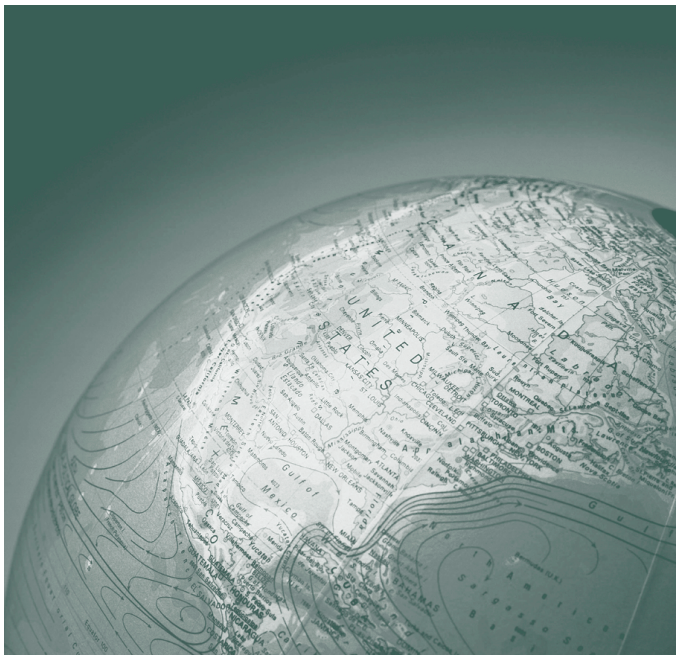
Office of the Comptroller of the Currency (e-mail):
customer.assistance@occ.treas.gov

Board of Governors of the Federal Reserve System:
http://www.federalreserve.gov/pubs/complaints

Office of Thrift Supervision (e-mail):
consumer.complaint@ots.treas.gov

- **Where to report a suspected fraud.**

Contact the FDIC at **http://www.fdic.gov/bank/individual/online/sspcious.html** if you have been a victim of banking fraud, or if you have visited a bank Web site that appears to be fraudulent.



For More Information

For more information about online banking in general, write or call the following banking regulators or visit their Web sites:

Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
(800) 934-3342
http://www.fdic.gov

Board of Governors of the Federal Reserve System
20th and Constitution Avenue, NW
Washington, DC 20551
(202) 452-3693
http://www.federalreserve.gov

Office of the Comptroller of the Currency
Customer Assistance Center
1301 McKinney Street, Suite 3725
Houston, Texas 77010-3031
(800) 613-6743
http://www.occ.treas.gov

Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
(202) 906-6237
(800) 842-6929
http://www.ots.treas.gov