

# PRIVACY IMPACT ASSESSMENT

## Examination Tools Suite-Automated Loan Examination Review Tool (ETS-ALERT)

July 2012

FDIC Internal System

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## System Overview

The Federal Deposit Insurance Corporation (FDIC) protects the funds depositors place in banks and savings associations, also known as “insured banks” or “insured depository institutions.”

FDIC’s Division of Risk Management Supervision (RMS) is responsible for examining and supervising State-chartered, non-Federal Reserve member banks to ensure that they operate in a safe and sound manner. RMS examiners review a bank’s loan portfolio to determine risk to the FDIC insurance fund. Loans typically represent the bulk of a bank’s assets and, therefore, ordinarily present the greatest credit risk and potential loss exposure to banks. Examination staff may have access to personally identifiable information (PII) for both individual and commercial borrowers when assessing loan portfolio(s).

The Examination Tools Suite-Automated Loan and Examination Review Tool (ETS-ALERT) is designed to streamline loan review by RMS examiners at Risk Management examinations. ETS-ALERT enables RMS examiners to acquire, manipulate, process, and create examination workpapers<sup>1</sup> from electronic loan trial balance data.<sup>2</sup> Additionally, ETS-ALERT provides examiners a powerful analytical tool for identifying and assessing loans posing the greatest risk and identifying lending abnormalities in the bank’s overall loan portfolio.

The data maintained in ETS-ALERT is encrypted and accessible only on the laptop of the examiner analyzing the portfolio, collecting and printing the necessary workpapers. Once the exam is complete, all bank data is deleted from the ETS-ALERT system on the examiner’s laptop. However, the analysis, classification data and workpapers are removed from the examiner’s laptop and securely encrypted and archived for one exam cycle.

## Personally Identifiable Information (PII) in ETS-ALERT

ETS-ALERT contains personally identifiable information (PII) and non-PII from individual and commercial borrowers such as: full name, identification number, loan/note number, outstanding balance(s), interest rates, and payment information.

Though not required, records may contain additional borrower data such as: Social Security Number (SSN), Tax Identification Number (TIN) and home or business mailing address. Additionally, records may contain the bank’s risk rating of a particular loan and the appraised value of the collateral used to secure the loan. Examiners may review hard copies of complete loan files, which may include credit reports for individual borrowers, but no further PII is collected and processed with ETS-ALERT.

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<sup>1</sup> Workpapers are examination documentation that provide a written record of the examiner’s decisions and analysis, provide support for assertions of fact or opinion in the Report of Examination, and provide sufficient data to reconstruct the examiner’s decision process for each step of the examination. For further information, see <http://www.fdic.gov/regulations/compliance/manual/pdf/11-6.1.pdf>.

<sup>2</sup> A loan trial balance is a listing of all of the bank’s commercial and consumer loans.

## Purpose & Use of Information in ETS-ALERT

The data maintained in ETS-ALERT is both relevant and necessary for the purpose for which the system was designed, namely to support the examination process by acquiring, reviewing, manipulating, processing, and printing loan examination data.

ETS-ALERT data is used by Federal Reserve System bank examiners, RMS examiners, and State examiners to enter annotations and findings to the relevant ETS-ALERT loan files that are on their laptops. The ETS-ALERT files are not shared between RMS and other Federal examiners. In the event of a joint examination with RMS, the examiners may share workpapers, but not the core ETS-ALERT files on their laptops.

## Sources of Information in ETS-ALERT

ETS receives information directly from the financial institution or from RMS bank examiners as detailed below.

Authorized RMS staff request electronic loan data from the financial institutions during the examination planning stage. The financial institution (or its servicer) provides the data to the FDIC via FDICconnect<sup>3</sup> Electronic File Exchange, encrypted CD, secure email, or an encrypted memory stick (i.e., USB drive). At the examiner's discretion, the financial institution provides RMS staff with either a full download or subset of the bank's loan records.

RMS bank examiners review and may edit or add information (i.e., relevant loan terms and payment performance information) to the loan record in order to meet requirements of the examination.

## Notice & Consent

Individuals do not have the opportunity to "opt out" of providing their information for inclusion in ETS-ALERT. Data is collected directly from the financial institution and not directly from individuals. The information is necessary for RMS bank examiners, State examiners and FRS examiners to review and assess bank loan portfolios to determine risk to the FDIC insurance fund.

## Access to Data in ETS-ALERT

The primary internal FDIC users of ETS-ALERT include authorized Corporate employees who support the examination process by acquiring, reviewing, manipulating, processing, and printing loan examination data. Only RMS examination staff are provided with access to ETS-ALERT and must obtain management approval prior to gaining access. This includes the RMS Examiner-in-

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<sup>3</sup> FDICconnect is a secure web site that allows FDIC-insured institutions to conduct business and exchange information with the FDIC and various State banking agencies.

Charge (EIC), the RMS Asset Manager, RMS bank examiners, as well as FDIC Division of Technology (DIT) Examiner Help Desk personnel.

ETS-ALERT is used by Federal Reserve System bank examiners. Because there is no central database associated with the system, the Federal Reserve examiners participating in loan reviews at the subject institution do not provide any data for use by ETS-ALERT. Instead, they use the bank customer files obtained directly from the institution to perform the loan reviews. Like RMS and State examiners, they may enter annotations and findings to the relevant ETS-ALERT loan file that is on their laptop. However, this is no sharing of ETS-ALERT files between RMS and other Federal Examiners. In the event of a joint examination with RMS, the examiners are able to share work papers, but not the core ETS-ALERT files on their laptops.

Contractors employed by DIT to support the DIT Examiner Help Desk have limited access to borrower data for the purpose of assisting examiners with formatting the data for use by the ETS-ALERT application on the examiner's laptop.

## Data Sharing

### Other Systems that Share or Have Access to Data in the System:

System Name	System Description	Type of Information Processed
<b>General Examination System (GENESYS)</b>	GENESYS is an application that summarizes and communicates examination findings to a subject institution's Board of Directors.	Full name, home address, financial reports, SSNs, TINs, date of birth, contract and legal documents, employment data, financial institution data and Corporate-generated personal, criminal and financial evaluation data.
<b>Examination Tools Suite-Supervisory Application Generating Examinations (ETS-SAGE)</b>	ETS-SAGE is an integrated suite of examination tools used to plan, analyze, review and develop the Report of Examination (ROE).	Full name, home address, financial reports, SSNs, TINs, date of birth, contract and legal documents, employment data, financial institution data and Corporate-generated personal, criminal and financial evaluation data.
<b>Interagency Exam Repository (IER)</b>	The Interagency Examination Repository (IER) is a DSC system that routes and stores electronic copies of the division's ROEs.	Full name, home address, financial reports, SSNs, TINs, date of birth, contract and legal documents, employment data, financial institution data and Corporate-generated personal, criminal and financial evaluation data.

## Data Accuracy in ETS-ALERT

Data is collected directly from the financial institution. The financial institution is responsible for providing FDIC with borrower data that is accurate and complete for use in the examination. The RMS Examiner-in-Charge (EIC) is responsible for insuring the accuracy and completeness of the data acquired and processed by the ALERT application through the examination team. This review is performed manually, when the EIC assigns the electronic loan trial balance file to an individual examiner, the assigned examiner is responsible to ensure the file is properly imported, reconciled against separately provided documents, and processed correctly by comparing/sampling the data.

## Data Security for ETS-ALERT

To reduce privacy and security risk, RMS does not maintain a centralized database of ETS-ALERT borrower data, collects only the minimum amount of PII necessary to conduct reviews, and limits the use of ETS-ALERT software to only authorized internal and external users. Access is controlled by the mounting of the ETS-ALERT application/system with its built-in encryption controls, on the password protected and encrypted hard drives of laptops.

Authorized internal users must complete a variety of training, including the annual Security and Privacy Awareness Course and the Corporation's mandatory Information Security and Privacy Awareness Training, which includes the Corporate Rules of Behavior. Examination staff receives annual training on data security that reinforces virus scanning and other data safeguarding considerations. Authorized external users are subject to similar requirements at their respective agencies.

Contractors employed by DIT to support the DIT Examiner Help Desk have limited access to borrower data and must sign an annual Contractor Confidentiality and Non-Disclosure Agreement. Additionally, contractors must complete the mandatory Corporate Security and Privacy Awareness Training Course, which includes Rules of Behavior.

## System of Records Notice (SORN)

ETS-ALERT does not operate under the FDIC Privacy Act SORN, as ETS-ALERT data is indexed and retrieved by reference to financial institution identifiers and not by reference to an individual's name or other personal identifier.

## Contact Us

To learn more about the FDIC's Privacy Program, please visit:  
<http://www.fdic.gov/about/privacy/>.

If you have a privacy-related question or request, email [Privacy@fdic.gov](mailto:Privacy@fdic.gov) or one of the [FDIC Privacy Program Contacts](#). You may also mail your privacy question or request to the FDIC Privacy Program at the following address: 3501 Fairfax Drive, Arlington, VA 22226.

