

## Managing Emerging Technology Risk

FDIC New York Regional Office

May 16, 2012

### Bankers Call Q & A

Q. We have recently had communications regarding issues at XXX , a vendor most banks have some connection with through XXX systems. Is there a status update available? *Vendor name and application removed.*

A. The FDIC will not comment on confidential information provided only to clients of a specific technology servicer. Many participants on the call were not client institutions. Please direct your questions to the parties listed on your correspondence.

Q. I would like to find out what the FDIC's position is on a tokenization of credit/debit card numbers (product: First Data's TransArmor, created with RSA for Level 4 merchants).

A. The FDIC would not evaluate or opine regarding a particular security solution a merchant would use to protect a customer's identity; however, in conjunction with an examination of an institution's merchant processing activities or a servicer's PCI compliance, we would evaluate and comment on the institution's assessment and eventual use of any tools that would support the protection of NPPI and potentially mitigate losses to the institution/customer. Random number tokenization is one such solution and hopefully a cost-effective approach.

Q. Is there any fraud data on mobile remote deposit?

A. We do not have statistical data on using the mobile phone to capture check images for deposit. Overall remote deposit capture and digitizing check clearing have brought check fraud down because checks clear faster and fraud is detected more quickly. We have not seen anything in open source or proprietary intelligence about mobile phone capture fraud.

Q. In what month of 2011 was the updated Outsourcing Technology examination handbook released? I don't remember seeing that update and I'm having trouble locating it. *Follow-up question* - I found the newest version in the FFIEC data base. I checked the FILs from 2011 and noted there was not a letter announcing this update. Is there a better way for us to tell when the handbooks are updated?

A. The Appendices were updated on April 6, 2012. Thanks for informing us about the lack of regulatory notification. We have learned that when appendices are updated or new ones added, the FFIEC agencies do not normally broadcast notification to the banks. That only occurs when a handbook is re-written as was the case with the Retail Payment Booklet back in 2010.

However, as you discovered, the Outsourcing handbook on the FFIEC website does have the new appendices. We will research further the need to broadcast official notification to all our financial institutions.