



September 21, 2020

Mr. Robert E. Feldman, Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17th Street NW  
Washington, DC 20429

Re: RIN 3064–ZA18  
RFI on Standard Setting and Voluntary Certification for  
Models and Third-Party Providers of Technology and Other Services

Dear Mr. Feldman:

I am the Compliance Officer of KS Bank, Inc., a community bank located in eastern North Carolina. I am writing to you today on behalf of our institution – we are grateful for this opportunity to offer input on this matter. In response to the recent RFI on Standard Setting and Voluntary Certification for Models and Third-Party Providers of Technology and Other Services, we would ask that consideration be given to the following:

Overall, we believe that the proposed system could bring great value to the banking industry and make it so increased use of new technologies is both a reasonable and achievable goal. However, we would urge that care be taken to ensure that this effort to reduce burden does not ultimately create burden.

**To Guide, not Require.** The proposed initiative is one that our institution has interest in, with some of the key challenges we have had for adopting technology being identified here. Generally speaking, it can be difficult for banks of any size to adopt new technologies: cost of research alone is prohibitive, time and manpower are simply not resources widely available to commit to improvement projects. Factor in the additional challenges for a small community bank, such as ours, and the prospect becomes nearly impossible. This gets particularly frustrating as the FDIC and other agencies consistently offer a renewed push for adoption of new technologies. In effect, this proposal has the potential to bring incredible relief as banks attempt to take big steps with innovation and in technology implementation.

However, we have some reservations about accepting this proposal with open arms without knowing what the future of this program could look like. For example, can there be any assurance offered that this program will remain as an option, and not a requirement? Requiring that banks use vendors that are certified through this program could ultimately create a burden and major stall with the desired path to innovation. That could also be damaging to the trust between bank and agency for any finding to result due to a bank not using a “certified” vendor.

**Consistency in Requirements.** One of the challenges banks face as they work to safely and efficiently implement new technologies is found through review of wide variances in contract terms. When considering setting standards, it would be meaningful if, at minimum, certified vendors were provided the same expectations when it comes to protection of sensitive data and related responsibilities. This assumes that each vendor would be subject to the same thorough due diligence standards. The consequences for violating requirements or “rules” of the certification should be set clearly and at a very serious level. In addition, it would be helpful for there to be an established process for banks to use for reporting violations and/or vendor complaints.

It is our hope that a program such as this would offer flexibility for banks as a whole without undermining the goals for more banks to be able to use greater technologies. Once again, we thank you for the time and opportunity to communicate with the FDIC on important and impactful matters such as this.

Sincerely,

Maren Draper  
KS Bank, Inc.  
Compliance Officer