

# **NCUA LETTER TO CREDIT UNIONS**

**NATIONAL CREDIT UNION ADMINISTRATION  
1775 Duke Street, Alexandria, VA 22314**

**DATE:** January 2009 **LETTER NO.:** 09-CU-01

**TO:** Federally Insured Credit Unions

**SUBJ:** Risk Management of Remote Deposit Capture

**ENCL:** FFIEC Risk Management of Remote Deposit Capture Guidance

Dear Board of Directors:

The purpose of this letter is to provide Federally Insured Credit Unions with the enclosed guidance, developed collectively by the Federal Financial Institutions Examination Council,<sup>1</sup> in an effort to assist credit unions engaging in or considering, the operation of the Remote Deposit Capture service (RDC). Credit unions should comply with this guidance in the planning, implementing, contracting, and processing of RDC activities.

RDC is an automated deposit transaction delivery system enabling members to scan items, typically checks, from remote locations and electronically transmit the electronic images or captured digital data to credit unions for posting and clearing. RDC may provide benefits to both credit unions and their members; however, this service can introduce additional legal, compliance, and operational risks.

Performing effective risk management is the key to mitigate and control associated risks. The risk management process includes:

- **Risk Assessment.** Management should perform a comprehensive risk assessment to identify and assess legal, compliance, and operational risks.
- **Risk Mitigation and Controls.** Management should establish policies addressing risk tolerance levels, internal procedures and risk controls, risk transfer mechanisms, and contracts and agreements.

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<sup>1</sup> Federal Financial Institutions Examination Council member agencies include Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, Office of Thrift Supervision, and the State Liaison Committee.

- Risk Measuring and Monitoring. Management should establish operational performance metrics, benchmarks and standards, and develop management reports to support management oversight of RDC operations.

To ensure sound implementation and ongoing operations, the board of directors should approve and oversee the RDC plans and policies, and review performance and risk management reports.

If you have any questions, please contact your NCUA Regional Office or State Supervisory Authority.

Sincerely,

/ S /

Michael E. Fryzel  
Chairman

Enclosure