



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 2001-102

FOR IMMEDIATE RELEASE
December 13, 2001

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OCC Offers New Guidance on Merchant Processing

WASHINGTON--The Office of the Comptroller of the Currency issued new guidance this week to help examiners and banks understand and manage the risks associated with the merchant processing business.

The new OCC booklet communicates the agency's expectations for sound risk management and controls, and establishes examination procedures for merchant processing activities. The "Merchant Processing" booklet emphasizes that merchant processing is a highly specialized and competitive business activity. As such, it requires specialized knowledge and experience to manage the business, and strong controls over strategic, credit and transaction risks.

The merchant processing guide should be used in conjunction with other OCC publications, including the "Community Bank Supervision Handbook" dated August 2001, the "Internal Control Handbook" dated January 2001, and OCC Bulletin 2001-47 covering "Third Party Relationships," dated November 1, 2001.

The booklet incorporates OCC's supervision by risk philosophy. OCC examiners will exercise judgement when determining which of the procedures in this booklet are appropriate for a particular institution, based on the institution's risk profile and the quality of its risk management process.

The new booklet is part of the *Comptroller's Handbook* and is available on the OCC Web site at www.occ.treas.gov. Hard copies may be ordered using the form available on the OCC Web site or by sending a written request and a check for \$15 per copy payable to the Comptroller of the Currency to: Comptroller of the Currency, P.O. Box 70004, Chicago, IL, 60673-0004.

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The OCC charters, regulates and examines approximately 2,200 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 54 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.