Examination Procedures

Electronic Banking

Objective. *Assess the adequacy of the bank’s systems to manage the risks associated with electronic banking (e-banking) customers, including Remote Deposit Capture (RDC) activity, and management’s ability to implement effective monitoring and reporting systems.*

| **Procedure** | **Comments** |
| --- | --- |
| 1. Review the policies, procedures, and processes related to e-banking, including RDC activity as appropriate. Evaluate the adequacy of the policies, procedures, and processes given the bank’s e-banking activities and the risks they present. Assess whether the controls are adequate to reasonably protect the bank from money laundering and terrorist financing. |  |
| 1. From a review of MIS and internal risk rating factors, determine whether the bank effectively identifies and monitors higher-risk e-banking activities. |  |
| 1. Determine whether the bank’s system for monitoring e-banking, including RDC activity as appropriate, for suspicious activities, and for reporting suspicious activities, is adequate given the bank’s size, complexity, location, and types of customer relationships. |  |
| 1. If appropriate, for additional guidance refer to the core examination procedures, “Office of Foreign Assets Control”. |  |
| **Transaction Testing** | |
| 1. On the basis of the bank’s risk assessment of its e-banking activities, as well as prior examination and audit reports, select a sample of e-banking accounts. From the sample selected, perform the following procedures:  * Review account opening documentation, including CIP, ongoing CDD, and transaction history. * Compare expected activity with actual activity. * Determine whether the activity is consistent with the nature of the customer’s business. * Identify any unusual or suspicious activity. |  |
| 1. On the basis of examination procedures completed, including transaction testing, form a conclusion about the adequacy of policies, procedures, and processes associated with e-banking relationships. |  |