

**Federal Reserve Board of Governors**

**Course Description for  
Remote Deposit Capture Clinic  
(S&R Technology Lab)**

**Last Revised: June 2009**

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## Remote Deposit Capture Clinic (S&R Technology Lab)

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The Board of Governors of the Federal Reserve System is proud to offer technology-related courses developed and hosted by the S.T.R.E.A.M./Technology Lab at the Federal Reserve Bank of Chicago, Chicago, Illinois. For over nine years, the S.T.R.E.A.M./Technology Lab has provided unique value in examiner training by combining lectures with hands-on exercises. The exercises reinforce concepts by allowing participants to interact with various application software and/or operating systems. Each participant has a dedicated PC in the state-of-the-art classroom, while the lab is outfitted with many vendor applications, operating systems, and security appliances widely used in the financial industry.

### Type of Participant Targeted

The course will be of interest to IT examiners of all experience levels and safety-and-soundness examiners cross-trained to conduct IT exams.

### Prerequisites

Federal Reserve participants should have completed at least level 1 of the Examiner Commissioning Program.

### Course Overview

The goal of this two-day Remote Deposit Capture (RDC) Clinic is to give participants hands-on training on the technology of RDC and to enable participants to effectively use the FFIEC work program and guidance which was issued in January 2009. The clinic uses a combination of lectures, hands-on demonstrations, and a case study. This course offers 7 Continuing Professional Education (CPE) credits.

*Business Need Analysis:* Remote deposit capture is the imaging and electronic transfer of checks separate from physical bank locations. It was legally permitted by the *Check 21 Act* and is being rapidly implemented by financial institutions, primarily for use by commercial (merchant) customers. Examiners are encountering this technology more frequently and need the skills to evaluate the risks and the adequacy of risk management of this new payments channel at the financial institutions they supervise.

## Course Objectives

Upon completion of this course, the participant, at a minimum, will be able to demonstrate the following skills:

- Define key terms and acronyms related to RDC;
- Describe, at a high level, the technologies that enable RDC;
- Describe the risks, and related controls, related to RDC;
- Identify key principles from the FFIEC guidance; and,
- Complete the FFIEC's RDC work program for a moderately-complex financial institution.

## Post-Course Intervention

To reinforce learning after the class, participants should be assigned to complete at least one remote deposit capture review using the FFIEC's work program.

## Overview of Remote Deposit Capture Clinic Curriculum

<b>Subject</b>	<b>Class Hours</b>
RDC Overview	1.0
RDC Technology – How it Works	1.0
Merchant-side/Bank-side demonstrations	2.0
Risk Management, Part I	1.5
Risk Management, Part II	1.5
Case Study Break-outs & Instructor-led Debriefings	4.5
<b>Total Lecture &amp; Exercise Hours</b>	<b>11.5*</b>

\* Course offers 7 CPE credits through NASBA.

## Learning Objectives

Participants develop a solid understanding of remote deposit capture and the FFIEC's related guidance and work program through the following modules.

**By module, the following learning objectives will be accomplished:**

Module	Learning Objectives
RDC Overview	<ul style="list-style-type: none"><li>• Identify the fields of a check.</li><li>• Discuss clearing options for imaged checks.</li><li>• Define the major terms and acronyms used with respect to remote deposit capture (RDC).</li><li>• Discuss, at a high level, the laws and regulations governing RDC.</li></ul>
RDC Technology – How it Works	<ul style="list-style-type: none"><li>• Name the technology components needed to facilitate RDC.</li><li>• Discuss areas of potential security weakness in a network architecture that includes RDC.</li><li>• List technological controls that should be in place in any RDC implementation.</li></ul>
Risk Management, Part I	<ul style="list-style-type: none"><li>• Explain how credit and reputational risks arise with the use of remote deposit capture.</li><li>• Discuss the 4 major components that should be a part of the RDC risk management process.</li><li>• List at least 4 items which should be considered in a customer due diligence process.</li><li>• Discuss the segregation of duties that should be in place at both the merchant and the bank which offers RDC services.</li></ul>
Risk Management, Part II	<ul style="list-style-type: none"><li>• Discuss the reporting and monitoring practices which bank management should maintain over RDC services.</li><li>• List 3 topics which should be addressed in customer training on RDC services.</li><li>• Discuss two major types of fraud related to RDC and what controls should be in place to mitigate their risk of occurring.</li></ul>
Case Study and Debriefings	<ul style="list-style-type: none"><li>• Apply the concepts learned in lectures to identify risks and evaluate the quality of risk management in an RDC implementation case study.</li><li>• Complete the FFIEC work program for RDC based on the case study.</li><li>• Articulate findings and recommendations for class discussion.</li></ul>

## **Class Size**

The optimal class size for the Remote Deposit Capture Clinic is approximately 20 participants. To provide sufficient variety of interaction among class participants, the minimum class size should be 10 participants.

## **Instructors**

Remote Deposit Capture Clinic is conducted and supported by a group of professionals, including senior examiners and technology architects. Content for the class was developed by senior IT and safety-and-soundness examiners from the Federal Reserve Banks of Chicago, Atlanta, and Cleveland. The class typically has 2-3 instructors assigned.