



# Regulation and Technology Changes Affecting Your Business



## Today's Session Goals:

- ❖ Awareness of emerging technologies affecting treasury
- ❖ What's currently new in treasury management?
- ❖ Near future developments changing the landscape
- ❖ Challenges – legal and security
- ❖ Some advice for your clients on regulation awareness



***Banks more commonly are using Application Service Providers (ASP) to deliver different products to their clients:***

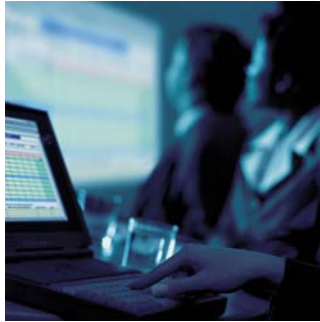
***For example: Corporate Bill Pay***



*Other ASP apps in demand:*

## Customer Relationship Management





***ASPs are prevalent now for standard bank information delivery systems – online detail; transaction initiation; wire transfer; ACH; etc.***





*ASP is the trend in:*

## Treasury Management Workstations



# Specialized ASP Digital Lockbox Capabilities

Image Snippets are replacing Data Entry



## Remote Deposit Capture -

- ❖ Everyone is offering it
- ❖ Service is available in a variety of flavors:
  - √ single PC via the web
  - √ software
  - √ networked solution
- ❖ ASP delivery channel is most common
- ❖ Supporting the system:
  - √ 3<sup>rd</sup> Party Service Bureau or onsite service
  - √ Bank 800 Support Turnkey
  - √ TM Officer installs & trains



## Why ASPs ? ?



**The focus behind ASPs is to deliver products to the end user with a lower threshold of technical complexity.**

**Hopefully this adds value to the bank-business relationship.**

**ASPs also allow banks to concentrate resources on enhancing core competencies.**

**Reduce the stress level on the marketing & sales team.**

# New Methods for two factor authentication (2FA) in protecting banking transactions:

Cell phones initiating banking transactions now utilize a rotating 6-digit PIN



***Banks are expanding the use of tokens for online banking:***



Tokens are available in numerous hardware platforms – from a small key fob to PINpad models that enable the user to encrypt their passcodes.

Software authenticators are also available that work with PCs, smartphones and other USB devices. Web-based rotating PINs are taking root as well.



***Some institutions utilize systems two-factor, two-way authentication like PassMark***

PassMark authenticates each user to a Web site based on a password and specific positive device forensics (i.e. IP address tracking), and simultaneously authenticates the site to the user with visual images. The appeal of this option is no hardware.



***Merchant capture of checks with a camera-equipped cell phone***

**RDM and Mitek Systems to Provide Mobile Check Deposit**

***RDM to Target Small Businesses with ImageNet Mobile Deposit™ Application for BlackBerry® and iPhone™***

February 24, 2009



**Mobile giving through text messages using a cell phone – this has become another avenue for donations to non-profit organizations.**



There are a number of intermediary players providing support for non-profits wanting to create and launch mobile donation campaigns.



**Cell phones or the mobile web may be the next frontier for significant growth in doing retail transactions. Already common in Europe, this technology likely will take off in North America in the next 4-5 years.**

**This is known as “contactless payments”.**

**Economic downturn may slow this technology for a time.**

**New approach to “contactless payment” called MicroPass makes use of a microchip embedded on a sticker that can be affixed to a phone to function like a credit card.**



**With increasing technology comes the need to secure the new ways!**

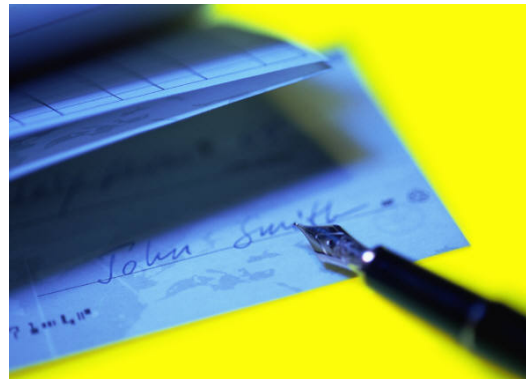
***Various payment systems are focused on providing better protection and risk abatement.***



- NACHA has come out with new guidelines for banks and originators on ACH risk management for originators.
- Payment Card Industry (PCI) standards compliance for card data is evolving to a point where the retailers have got to play by the rules.
- Banks will be subject to similar safeguards on managing remote deposit processing risk to procedures in place for ACH.

**Check Clearing world has changed as most checks move via image now – projections have 95% of the check volume flowing by year-end 2009 as images.**

***How rapidly has image taken root in your bank check processing department?***



BancorpSouth now clears approximately 88% of its inbound and outbound checks using image processing. That percentage should creep closer towards 100% by year-end.



## Advice for your clients regarding regulation

- ✓ Keep an understanding of the regulatory and legal environment surrounding the products and potential service enhancements.
- ✓ Work with the bank on adopting new FFIEC rules on remote deposit capture
- ✓ Understand the impact of the International ACH Transaction on your clients
- ✓ Remain aware of the changes in the FDIC rules.
- ✓ Understand that more regulation is on the way and your clients will likely be by the bank's requirement to attain and retain an ever increasing amount of information about our clients and the transactions they conduct.



**OTHER INSIGHTS**

**QUESTIONS**