

**Office of Thrift Supervision**Department of the Treasury *Managing Director, Examinations, Supervision, and Consumer Protection*

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August 26, 2004

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS**FROM:**

Scott M. Albinson

SUBJECT:Information Technology Examination Handbook –
Operations Booklet
Wholesale Payment Systems Booklet

The Office of Thrift Supervision, along with the other federal banking agencies, today issued updated guidance for examiners, financial institutions, and technology service providers on financial institutions' information technology (IT) operations and wholesale payment systems activities. The *Operations Booklet* and the *Wholesale Payment Systems Booklet* are the last in a series of twelve booklets issued through the Federal Financial Institutions Examination Council (FFIEC) that have updated and replaced the 1996 FFIEC Information Systems Examination Handbook.

The evolving role that technology plays in supporting financial business functions has become increasingly complex. IT operations—once contained in a closed environment within a data center—have become more dynamic and include distributed systems, integrated applications, telecommunications options, Internet connectivity, and an array of computer operating platforms. And as the complexity of operations technology has grown, the risks inherent in your thrift's IT operations have also grown. The *Operations Booklet* provides guidance to examiners and thrift institutions regarding the risk management of IT operations, and will be used by OTS examiners in their evaluations of your management and operational controls and those of your technology service providers.

Thrift institutions, through their support of a variety of financial markets, play an important role in wholesale payment systems. However, they face increasing challenges to meet requirements for resilience and reliability, while continuing to foster innovative solutions to meet expanding global payment processing demands. These challenges pose increased risks to your thrift and require greater diligence on the part of your management and board of directors to ensure the confidentiality, integrity and availability of your customers' information. The *Wholesale Payment Systems Booklet* provides guidance and procedures that OTS examiners will use to evaluate your management of the risks inherent in your wholesale payment systems and in those of your technology service providers.

These two booklets represent the last in the present series of updates to the 1996 FFIEC Information Systems Examination Handbook (1996 Handbook). The updates have been issued in separate booklets that replace all chapters of the 1996 Handbook and which now comprise the new FFIEC Information Technology Examination Handbook. With the release of these last two booklets, the 1996 Handbook is now completely retired. Chapters 1 through 23 of the 1996 Handbook were rescinded with the issuance of the various booklets. Chapter 24 and chapters 26 through 30 contained laws, regulations, and guidance related to the topic of IT issued by OTS and other FFIEC agencies. This information can now be found on OTS's website at <http://www.ots.treas.gov>.

With the issuance of the new FFIEC Information Technology Examination Handbook, several Supervisory Policies (SP) found in Chapter 25 of the 1996 Handbook are rescinded. These are:

- SP 2- Uniform Interagency Rating System for Data Processing Operations*
- SP 3- Joint Interagency Issuance on End-User Computing Risks*
- SP 4- Supervisory Policy On Large Scale Integrated Financial Software Systems (LSIS)*
- SP 5- Interagency Policy On Contingency Planning For Financial Institutions*
- SP 6- Interagency Statement on EDP Service Contracts*
- SP 7- Interagency Policy on Strategic Information Systems Planning for Financial Institutions*
- SP 8- Interagency Document on EDP Risks in Mergers & Acquisitions*
- SP 9- Interagency Supervisory Statement on EFT Switches and Network Services*
- SP 10- Control And Security Risks in Electronic Imaging Systems*

The two remaining supervisory policies, SP 1- *Interagency EDP Examination, Scheduling, And Distribution Policy* and SP 11- *Enhanced Supervision Program (ESP) for Multidistrict Data Processing Servicers (MDPS)*, can be found under the Resources section of the *Supervision of Technology Service Providers Booklet* in the new FFIEC IT Examination Handbook.

In addition, the following OTS Thrift Bulletins and CEO Memoranda are rescinded in conjunction with the release of the new FFIEC IT Examination Handbook:

- TB 11- Interagency Supervisory Policy on Large-Scale Integrated Financial Software Systems (LSIS)*
- TB 11-1- Purchased Software Evaluation Guidelines*
- TB 29- End-User Computing*
- TB 44- Interagency Statement on EDP Service Contracts*
- TB 59- Interagency Supervisory Statement on EFT Switches and Network Services*
- CEO Memo 59- Risk Management of Client/Server Systems*
- CEO Memo 70- Statement on Retail On-line Personal Computer Banking*
- CEO Memo 133- Risk Management of Technology Outsourcing*

The new booklets are being distributed electronically by the OTS and other FFIEC agencies and may be downloaded at www.ffiec.gov/ffiecinfobase/index.html. This site provides on-line and printable versions of all of the booklets in the series, as well as audio presentations related to the IT Examination Handbook update process, the booklets, and other resources. Questions regarding these booklets should be directed to your regional OTS office or to Lewis C. Angel, Senior Project Manager, Technology Risk Management, (202) 906-5645.