



Federal Deposit Insurance Corporation

550 17th Street NW, Washington, DC 20429-9990

Financial Institution Letter

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TECHNICAL ASSISTANCE VIDEO ON OUTSOURCING TECHNOLOGY SERVICES

Summary: As part of the FDIC's Community Banking Initiative and Technical Assistance Video Program, the FDIC is announcing the release of a new video on outsourcing technology services. The video is designed to assist community bank directors and senior management in developing a comprehensive risk-assessment program for vendor management.

Statement of Applicability to Institutions Under \$1 Billion in Total Assets: This Financial Institution Letter applies to all FDIC-supervised financial institutions.

Distribution:
FDIC-Supervised Banks

Suggested Routing:
Chief Executive Officer
Chief Information Officer
Chief Technology Officer
General Counsel

Related Topics:
FFIEC IT Examination Handbook,
Outsourcing Technology Services Booklet

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Note:
FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's website at <https://www.fdic.gov/news/news/financial/2016/>.

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Paper copies may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

Highlights:

- As financial institutions become more involved in technology outsourcing, they must manage the risks associated with reliance on third-party service providers. Outsourcing has become more complex, with many banks using vendors for key business functions and relying on multiple providers.
- The video on outsourcing technology services discusses the responsibilities of financial institutions' boards of directors and senior management in governing their institutions' vendor-management program.
- A vendor-management program represents the policies and procedures established to select and monitor third-party relationships. The video covers the main components of a vendor-management program, including the risk-assessment process, the service-provider selection program, contract negotiation and evaluation, and ongoing monitoring.
- The video also discusses business continuity planning and testing, and resources available to assist institutions in establishing and maintaining a sound vendor-management program.
- The video is available for viewing on the FDIC's website at <https://www.fdic.gov/regulations/resources/director/virtual/vendor.html>.
- Alternatively, FDIC-insured institutions may download the video through FDICconnect by contacting their FDICconnect coordinator.