



Federal Deposit Insurance Corporation
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Financial Institution Letter

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Supervisory Insights Journal **Winter 2005 Issue Now Available**

Summary: The FDIC has announced the release of its Winter 2005 issue of *Supervisory Insights*, a professional journal that promotes the practice of bank supervision. Topics of current focus for the bank regulatory community—such as banks' financial modeling, tighter security for Internet transactions, and banker insider misconduct—are highlighted in this issue. *Supervisory Insights* is available on the FDIC's Web site at <http://www.fdic.gov/regulations/examinations/supervisory/insights/index.html>.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer

Related Topics:

Model governance

Identity theft

Enforcement actions

Relationship Manager Program

Basel II quantitative impact study

Attachment:

[Supervisory Insights - Winter 2005 - PDF](#) 1,478k

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Note:

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2005/index.html.

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Highlights:

- The growing importance of financial modeling has focused attention on a new source of risk – the potential for flawed information to be introduced into the management decisionmaking process. The article "Model Governance" describes how strong governance procedures can help minimize this risk and suggests areas examiners should focus on when evaluating a bank's model oversight, control and validation programs.
- "Online Delivery of Banking Services: Making Consumers Feel Secure" reviews key findings of an FDIC study that evaluates identity authentication technologies. The article also summarizes recently issued interagency guidance requiring insured institutions and service providers, as part of the development of Internet banking products and services, to design safeguards to protect sensitive customer data.
- "Enforcement Actions against Individuals: Case Studies" focuses on two case studies of insider misconduct – one involving embezzlement and the other loan fraud. The article highlights weaknesses in internal controls that contributed to the misconduct and describes elements of an effective internal audit program.
- Other articles describe the FDIC's Relationship Manager Program and summarize the key results of the most recent Basel II quantitative impact study.