554.12201 Security procedure.

"Security procedure" means a procedure established by agreement between a customer and a receiving bank for the purpose of verifying that a payment order or communication amending or canceling a payment order is that of the customer, or detecting error in the transmission or the content of the payment order or communication. A security procedure may impose an obligation on the receiving bank or the customer and may require the use of algorithms or other codes, identifying words, numbers, symbols, sounds, biometrics, encryption, callback procedures, or similar security devices. Comparison of a signature on a payment order or communication with an authorized specimen signature of the customer or requiring a payment order to be sent from a known electronic mail address, internet protocol address, or telephone number is not by itself a security procedure.

92 Acts, ch 1146, §9; 2024 Acts, ch 1023, §108
Referred to in §554.12105