

70A-4a-201 Security procedure.

- (1) "Security procedure" means a procedure established by agreement of a customer and a receiving bank for the purpose of:
 - (a) verifying that a payment order or communication amending or canceling a payment order is that of the customer; or
 - (b) detecting error in the transmission or the content of the payment order or communication.
- (2) A security procedure may require the use of algorithms or other codes, identifying words or numbers, 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 is not by itself a security procedure.

Enacted by Chapter 294, 1990 General Session