



VIEW*S* & VISIONS

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Technology in Banking: Prometheus Unbound or Pandora's Box?

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His work also includes the representation of directors and officers of banks in administrative and litigation proceedings brought by banking regulators, including the Federal Deposit Insurance Corporation. In addition, he regularly counsels banking sector clients with respect to compliance with state and federal statutes and regulations.

During his career, Mr. Boone has successfully represented and advised banks and other financial services providers in a variety of matters that have included: deposit account overdraft fees; preemption of state laws by the National Bank Act and implementing regulations; advertising of financial services products; consumer and commercial electronic funds transfers; allegedly flawed or negligent appraisals; compliance with various federal statutes and regulations; compliance with the Bank Secrecy Act and anti-money laundering regulations; compliance with various state laws; Internet banking; debit cards; allegedly unfair debt collection; allegedly excessive fees; alleged violations of fiduciary duties; and alleged breaches of deposit account agreements.

He earned a bachelor's degree, *summa cum laude*, from Concord College and his law degree from West Virginia University College of Law.

The ancient Greeks believed that fire was a gift bestowed upon humanity by the rogue Titan Prometheus. Prometheus' gift literally brought humanity out of the shadows; but, no good deed goes unpunished, and so it was for Prometheus and humanity. How did the Greek gods punish humanity for Prometheus' transgression: by giving it Pandora and her famous box of evils. In modern banking, some people would ask whether technology has been a quantum leap like the discovery of fire or the opening of a modern Pandora's Box, which has exposed the industry to new evils. Just as the myths of Prometheus and Pandora are inextricably linked, so too are the promises and perils of technology.

In the 1980s and the 1990s, a trend began with the emergence of ATMs and debit cards. This trend intensified in the first decade of the 21st century, with the introduction of online banking. Today, the trend continues with the development of smartphone applications that provide new ways of making payments (e.g., Apple Pay) and new ways of accepting them (e.g.,

remote deposit capture). The banking system our children and grandchildren will inherit may be unrecognizable to us.

Technology brings new opportunities, but it also brings risk. Traditionally, bank security focused on thick walls, vaults and guards to thwart "safecrackers" and armed robbers. The computerized systems that are the life blood of today's modern banking system make it possible for hackers to steal millions from the other side of the world. In effect, the computer has supplanted the tools of the safecracker and armed robber – and allowed modern cyber robbers to steal sums of money that never could have been taken from a single bank branch by a traditional robber.

Similarly, banks are *increasingly* being judged by their vulnerability to cyberattacks. As recently noted in American Banker magazine, bank acquirors and regulators are increasingly focusing on cybersecurity. Banks that fall short are certain to suffer from lost opportunities, regulatory





scrutiny and reputational risk.

Although these risks are profound, they pale in comparison to the benefits provided by technology. Smartphone apps allow consumers to obtain services that would otherwise require a visit to physical branch. These tools benefit customers by allowing them to bank on their terms anytime and anyplace. They also allow banks to reach customers (e.g., the young and those with lower incomes) who have sometimes been excluded from the banking system. At the same time, these technologies allow banks to offer important services much more cheaply and efficiently.

Like Prometheus' gift of fire – and the corresponding punishment unleashed by Pandora – technology brings promise *and* peril. Luckily, a new breed of professional – with expertise in the law, regulatory compliance, information technology, insurance and risk management – has emerged to help guard banks and their customers. Although technology brings risk, it also opens a bright new world – similar to the way fire allowed humanity to step out of the shadows – that outweighs

the risk. ¶