

**355.4A-201 Security procedure.**

"Security procedure" means a procedure established by agreement of a customer and a receiving bank for the purpose of:

- (1) Verifying that a payment order or communication amending or canceling a payment order is that of the customer; or
- (2) Detecting error in the transmission or the content of the payment order or communication.

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.

**Effective:** July 14, 1992

**History:** Created 1992 Ky. Acts ch. 116, sec. 32, effective July 14, 1992.