Banking and Finance Law Daily Wrap Up, TOP STORY—Sharing Bank Secrecy Act resources guided by interagency statement, (Oct. 4, 2018)

Banking and Finance Law Daily Wrap Up

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By J. Preston Carter, J.D., LL.M.

Financial regulatory agencies have published a statement to address instances in which banks may decide to enter into collaborative arrangements to share resources to manage their Bank Secrecy Act and anti-money laundering obligations more efficiently and effectively. The joint statement was issued by the Federal Reserve Board, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and Financial Crimes Enforcement Network.

According to the statement, collaborative arrangements generally are most suitable for banks with a community focus, less complex operations, and lower-risk profiles for money laundering or terrorist financing. The risk profile is bank-specific, and should be based on a risk assessment that properly considers all risk areas, including products, services, customers, entities, and geographic locations.

The statement notes that it does not apply to collaborative arrangements or consortia formed for the purpose of sharing information under Section 314(b) of the USA PATRIOT Act. Also, banks that form collaborative arrangements, as described in the statement, are not an association for purposes of Section 314(b) of the USA PATRIOT Act. Banks should contact FinCEN for additional information concerning the 314(b) program and requirements.

The statement:

- describes the benefits of resource sharing and provides examples of instances when the use of shared human, technological, and other resources in a collaborative arrangement may be beneficial for banks;
- identifies challenges arising from sharing a BSA officer among unaffiliated banks; and
- discusses risk considerations and mitigation strategies to address risks associated with collaborative arrangements.

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