

U.S. DEPARTMENT OF THE TREASURY

Treasury Notes

Complementary Goals - Protecting the Financial System from Abuse and Expanding Access to the Financial System

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Correspondent banking relationships serve as important arteries within the global financial system. By enabling money to flow both within and across economies, they improve livelihoods, bring more people into the financial system and foster global economic growth. These relationships enable banks to facilitate international trade, conduct cross-border business and charitable activities, send remittances, and provide access to U.S. dollar financing. They are essential to maintaining an inclusive and open financial system, and we are fully committed to safeguarding that system from abuse.

In order to do this, the United States maintains an effective anti-money laundering (AML) and countering the financing of terrorism (CFT) regime, which rests on clear requirements, strong and effective supervision, and meaningful and proportionate enforcement.

As part of that effort, today Treasury and U.S. Federal Banking Agencies, including the Federal Reserve Board, Federal Deposit Insurance Corporation, National Credit Union Administration, and Office of the Comptroller of the Currency issued a "Joint Fact Sheet on Foreign Correspondent Banking" to further clarify Treasury's and the Agencies' supervisory and enforcement posture regarding AML/CFT and sanctions in the area of correspondent banking.

The Fact Sheet highlights the efforts of U.S. authorities to implement a fair and effective regime when it comes to enforcement of AML/CFT and sanctions violations. Importantly, this regime is not one of "zero tolerance." In fact, as the Fact Sheet notes, about 95 percent of AML/CFT and sanctions compliance deficiencies identified by U.S. authorities are corrected through cautionary letters or other guidance by the regulators to the institution's management without the need for an enforcement action or penalty.

In limited instances, when financial institutions fail to take corrective action, or when serious violations occur, federal banking agencies may take a formal enforcement action, such as a civil money penalty. The rare but highly visible cases of large monetary penalties or settlements for AML/CFT and sanctions violations have generally involved a sustained pattern of reckless or willful violations over a period of multiple years and a failure by the institutions' senior management to respond to warning signs that their actions were illegal. These large cases did not represent small or unintentional mistakes.

Further, the Fact Sheet dispels certain myths about U.S. supervisory expectations. Notably, it confirms that there is no general expectation for banks to conduct due diligence on the individual customers of foreign financial institutions.

The Treasury Department recognizes the critical role that the U.S. financial system plays in the global economy, and firmly believes that expanding access to that system and protecting it from abuse are mutually-reinforcing goals. Along with our colleagues in the federal banking agencies, we are committed to ensuring a well-functioning, accessible, transparent, resilient, safe, and sound financial system.

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