

[Banking and Finance Law Daily Wrap Up, FINANCIAL STABILITY— Treasury report describes ‘National Illicit Finance Strategy’ and includes supporting risk assessments, \(Dec. 21, 2018\)](#)

Banking and Finance Law Daily Wrap Up

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The Treasury Department has issued the National Strategy for Combating Terrorist and Other Illicit Financing (the National Illicit Finance Strategy), which describes and assesses current U.S. government efforts to combat illicit finance threats and risks and identifies priorities, objectives, and potential areas for future improvement. This strategy addresses the threats and risks to the U.S. financial system that were identified in three separate risk assessments, also issued by the Treasury Department: the [National Proliferation Financing Risk Assessment](#), the [National Terrorist Financing Risk Assessment](#), and the [National Money Laundering Risk Assessment](#).

[According](#) to the Treasury Department, the National Illicit Finance Strategy and risk assessments, required by Sections 261 and 262 of the Countering America’s Adversaries Through Sanctions Act of 2017, were prepared by the Office of Terrorist Financing and Financial Crimes, an office within Treasury’s Office of Terrorism and Financial Intelligence, in consultation with the many agencies, bureaus, and departments of the federal government that also have roles in combating illicit finance.

The [National Illicit Finance Strategy](#) describes the strengths of U.S. counter-illicit finance efforts, including the legal and regulatory framework; authorities, capabilities, and initiatives by U.S. departments and agencies, and highlights efforts underway to improve the effectiveness of national safeguards in place in light of changes in technology and emerging threats. Such efforts include a working group formed by Treasury’s Office of Terrorism and Financial Intelligence and the federal depository institutions regulators on Bank Secrecy Act/Anti-Money Laundering (BSA/AML) that is exploring ways to modernize the regulatory regime in ways that support innovative efforts by financial institutions to devote their resources towards addressing the areas of highest risk for illicit finance activities (see [Banking and Finance Law Daily](#), Dec. 3, 2018).

The Treasury Department noted that the three risk assessments will help the public and private sectors understand the terrorist financing, proliferation financing, and money laundering methods used in the United States, the threat actors behind these methods and vulnerabilities exploited, and the risks that these activities pose to the U.S. financial system and national security. In addition, the risk assessments enable U.S. government agencies to better understand and therefore more effectively combat illicit actors seeking to exploit the U.S. financial system. They also will assist the private sector in detecting the exploitative tactics used by these threat factors, allowing financial institutions and other private sector stakeholders to better mitigate their illicit finance risk.

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