

Bank Secrecy Act Effectiveness and Efficiency Fact Sheet

- **Matching Risk-Based Examination to Risk-Based Obligations.** FinCEN and the regulatory community recognize that not all financial institutions are subject to the same risk. An institution with minimal to no international business that serves only a handful of communities does not share the same risk profile as a bank that does business around the world in many currencies. FinCEN will initiate a joint effort with the federal banking regulators to ensure that financial institutions and regulators treat compliance obligations in a manner that helps to avoid expenditures that are not commensurate with actual risk. Over the coming months, in keeping with the evolution of our risk-based system, FinCEN and the regulators will work to translate this concept into more concrete practice, with a view to providing more direction in guidance and future revisions to the FFIEC Examination Manual.
- **Money Services Businesses (MSBs).** FinCEN has been working with the IRS, state regulators and federal functional regulators to address many issues dealing with MSB oversight and MSB access to banking services. These efforts will result in the production of MSB examination materials using the success of the FFIEC Examination Manual as a model.

FinCEN also has committed to crafting a more narrow definition of MSBs. Many of the estimated 150,000 to 200,000+ entities that are presently covered may only engage in financial services that pose little to no opportunity for money laundering. A risk-based reduction in covered entities would result in a better concentration of examination resources.

- **Making Regulations More Intuitive.** FinCEN has issued AML/CFT regulations for many industries including banking, MSBs, insurance companies, brokerages, casinos, jewelers and others. Presently, a compliance official seeking to learn all the regulatory obligations for a particular industry would need to sift through many citations and cross-references located in many different areas. FinCEN will begin work on its own new chapter of the Code of Federal Regulations that will include one general part and *separate and specific parts* for each covered industry. With this change, an institution will only need to look in two places to identify its regulatory responsibilities.
- **Feedback.** FinCEN depends on its industry partners to provide quality and timely information for its own expert analysis and law enforcement's use. FinCEN is committed to working with its law enforcement partners to let industry know as much as operational sensitivities allow about how its valuable information is being used. FinCEN issues many reports and studies, but seeks to provide additional quality information to industry and law enforcement. FinCEN will provide written feedback to the affected industry within 18 months of the effective date of a new regulation or change to an existing regulation and will focus on providing additional trend analyses, like its Mortgage Fraud and Shell Company studies, as well as additional illuminating law enforcement case examples. When issues of non-compliance do arise, FinCEN will strive to better communicate how any penalties are correlated to the underlying violations, so as to avoid misimpressions about the nature of such conduct and provide a clear message to the industry about these actions.