



## Financial Crimes Enforcement Network Department of the Treasury

### **FinCEN Ruling 2005-2 – Difficulties Encountered by Money Services Businesses in Obtaining Banking Services**

May 5, 2005

Dear [ ]:

This is in response to e-mail correspondence your employee, [ ], sent to the Financial Crimes Enforcement Network (“FinCEN”) on December 2, 2004 expressing concern about the discontinuance of banking services to money services businesses. FinCEN shares this concern about the seriousness of these actions being taken recently by banks nationwide.

Money services businesses<sup>1</sup> provide valuable financial services, especially to individuals who may not have ready access to the formal banking sector. It is important that money services businesses that comply with the requirements of the Bank Secrecy Act and applicable state laws remain within the formal financial sector, subject to appropriate anti-money laundering controls, while maintaining the same level of transparency as do banking organizations.

In order to better understand the nature and extent of the difficulties encountered by money services businesses in obtaining banking services, FinCEN hosted a fact-finding meeting on March 8, 2005. On March 30, 2005, FinCEN and the Federal Banking Agencies<sup>2</sup> took the first step toward resolving these issues by issuing a joint statement on providing banking services to money services businesses. On April 26, FinCEN and the Federal Banking Agencies issued “Interagency Guidance on Providing Banking Services to Money Services Businesses Operating in the United States,” which outlines with specificity Bank Secrecy Act compliance expectations when banks open and maintain accounts for money services businesses. FinCEN also issued a concurrent “Advisory to Money Services Businesses on Obtaining and Maintaining Banking Services” to emphasize the Bank Secrecy Act obligations of money services businesses

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<sup>1</sup> Under existing Bank Secrecy Act regulations, money services businesses are defined to include five distinct types of financial services providers and the U.S. Postal Service: (1) currency dealers or exchangers; (2) check cashers; (3) issuers of traveler’s checks, money orders, or stored value; (4) sellers or redeemers of traveler’s checks, money orders, or stored value; and (5) money transmitters. *See* 31 CFR 103.11 (uu).

<sup>2</sup> The Federal Banking Agencies, collectively, include: The Board of Governors of the Federal Reserve System; the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Office of Thrift Supervision; and the National Credit Union Administration.

and to notify those businesses of the types of information they would be expected to provide to a banking organization in the course of opening or maintaining account relationships. This guidance and future advisories may be obtained from FinCEN's web site at: [www.fincen.gov](http://www.fincen.gov).

FinCEN continues to be committed to addressing this critical issue. Our next steps will be as follows:

- FinCEN is working to provide the banking industry and bank examiners enhanced education on the operation of and services offered by money services businesses so they can better gauge the risks that each type of money service business may pose.
- The federal regulatory and examination regime is working to better ensure consistency in examination procedures.

We will continue to work with the banking industry, the money services business industry, and the Federal Banking agencies to ensure that both the money services businesses, and the financial institutions that service them, receive the guidance and education they need, and that we, as regulators, provide consistent oversight with respect to Bank Secrecy Act compliance.

Sincerely,

//signed//

William D. Langford, Jr.  
Associate Director  
Regulatory Policy and Programs  
Division