

U.S. Department of the Treasury
Financial Crimes Enforcement Network

FinCENnews

FinCEN's web site is located at: <http://www.fincen.gov>



March 8, 2005
Embargoed until 4:00 p.m.

Contact: (703) 905-3770

Statement from the Financial Crimes Enforcement Network

As part of the Financial Crimes Enforcement Network's ongoing efforts to enhance the security and the health of the U.S. financial system, today the *Nonbank Financial Institutions* and the *Examinations* subcommittees of the *Bank Secrecy Act Advisory Group* jointly held a fact-finding meeting to identify the issues surrounding, and impediments to, the ability of money services businesses to obtain banking services. Both banks as well as money services businesses were invited to make short presentations to the subcommittees outlining their respective challenges. With this information, the subcommittees will assist the Financial Crimes Enforcement Network, the federal banking agencies, and others, including state banking agencies, in formulating and implementing solutions to this complex problem.

The Financial Crimes Enforcement Network has long recognized that the money services business industry provides valuable financial services, especially to groups and individuals that may not have ready access to the formal banking sector. Moreover, we believe it is imperative that money services businesses remain within the formal financial sector, and not be driven underground. Accordingly, the Financial Crimes Enforcement Network is committed to ensuring their continued access to banking services. At the same time, we believe it essential that the money services business industry maintain the same level of transparency, and implement the full range of anti-money laundering controls, as banking institutions.

Today's fact-finding meeting confirmed that prompt action is essential. The presentations revealed an unprecedented level of concern among small and large banking institutions alike that maintaining accounts for money services businesses has and will continue to subject them to heightened scrutiny from banking examiners. These concerns are exacerbated by the perception that banks are being evaluated against regulatory standards that have not been explained. On the other side, money services businesses of all types and sizes are losing their bank accounts at an alarming rate, even when those money services businesses appear to be complying with Bank Secrecy Act and state-based regulatory requirements.

- more -

While the problem of ensuring appropriate access to banking services for money services businesses is complex, and much discussion within the Bank Secrecy Act Advisory Group remains to be had, the Financial Crimes Enforcement Network outlines below its next steps:

1. ***GUIDANCE – Develop guidance jointly with the federal banking agencies to outline with specificity Bank Secrecy Act compliance expectations when banks maintain accounts for money services businesses.***

The provision of written guidance to the banking industry is a necessary first step. To be effective, the guidance must provide a sufficient level of detail concerning the controls that must be established and the due diligence that must be exercised when accounts are maintained for the variety of money services businesses. Such guidance will assist banks in assessing the varying degrees of risks posed by the different types of money services businesses.

2. ***EDUCATION – Provide to the banking industry and bank examiners enhanced education on the operation of the variety of products and services offered by money services businesses and the range of risks that each may pose.***

The Financial Crimes Enforcement Network will build on the significant steps already taken by our agency and the federal banking regulators toward establishing the framework and mechanism for providing this type of educational outreach. For example, the Financial Crimes Enforcement Network is working together with the federal banking regulators to develop a unified set of examination procedures, which will include a section devoted to money services businesses. Additionally, the Financial Crimes Enforcement Network has already begun joint examiner training that will provide a forum to provide training on the money services business industry.

3. ***REGULATION – Strengthen the existing federal regulatory and examination regime for money services businesses, including coordinating with state regulators to better ensure consistency and leverage examination resources.***

Ensuring money services business access to banking services begins with ensuring an effective regulatory and examination regime. The Financial Crimes Enforcement Network will continue to evaluate and modify, if necessary, the existing Bank Secrecy Act requirements and will also continue to work closely with the Internal Revenue Service, the delegated examiner of money services businesses, to enhance the examination regime through the development of revised examination procedures, information sharing, and examination targeting. Additionally, the Financial Crimes Enforcement Network is working with the Conference of State Bank Supervisors to develop a model information sharing agreement with state banking agencies. Executing individual agreements with state banking agencies will ensure better coordination and synergy with state-based examiners.

###