

**Office of Thrift Supervision**Department of the Treasury *Managing Director, Examinations, Supervision, and Consumer Protection*

1700 G Street, N.W., Washington, DC 20552 • (202) 906-7984

March 30, 2005

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS**FROM:**

Scott M. Albinson

SUBJECT:

Joint Statement on Providing Banking Services To Money Services Businesses

The Office of Thrift Supervision (OTS), along with the Financial Crimes Enforcement Network (FinCEN) and the other federal banking agencies, issued a statement today (copy attached) on our expectations regarding banking institutions' (including savings associations) obligations under the Bank Secrecy Act for money services businesses.

Guidance on account relationships with money service businesses will be issued shortly by FinCEN and the Federal Banking Agencies outlining further our compliance expectations for banking institutions. FinCEN will issue concurrent guidance to money services businesses outlining their compliance obligations. We believe this guidance will clarify the Bank Secrecy Act requirements and supervisory expectations as applied to accounts opened or maintained for money services businesses.

The money services business industry provides valuable financial services, especially to individuals who may not have ready access to the formal banking sector. Accordingly, we suggest that you identify accounts with money services businesses if you have not already done so, and assess their risk by considering the purpose of the account, the anticipated account activity, the type of products and services offered, and the location of the business and the markets it serves. The risks of money laundering associated with any particular money services business will vary significantly based on these factors. A decision to accept or maintain an account with a money services business should be made by your management, under standards and guidelines approved by your board of directors, and based on your assessment of risks.

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. OTS is available to assist savings associations on Bank Secrecy Act/USA PATRIOT Act issues, you may contact your regional supervisory office with any questions you have on the joint statement. You may also call the OTS BSA/USA PATRIOT Act Hotline at (202) 906-6012.

Attachment

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Financial Crimes Enforcement Network
National Credit Union Administration
Office of the Comptroller of the Currency
Office of Thrift Supervision**

March 30, 2005

**JOINT STATEMENT ON PROVIDING BANKING SERVICES TO MONEY SERVICES
BUSINESSES**

The Financial Crimes Enforcement Network (“FinCEN”), together with 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 (collectively, the “Federal Banking Agencies”) are jointly issuing this Statement to address our expectations regarding banking institutions’ obligations under the Bank Secrecy Act for money services businesses, such as check cashers and money transmitters.¹ Money services businesses are losing access to banking services as a result of concerns about regulatory scrutiny, the risks presented by money services business accounts, and the costs and burdens associated with maintaining such accounts. Concerns may stem, in part, from a misperception of the requirements of the Bank Secrecy Act, and the erroneous view that money services businesses present a uniform and unacceptably high risk of money laundering or other illicit activity.

The money services business industry provides 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. FinCEN and the Federal Banking Agencies further believe it is essential that the money services business industry maintain the same level of transparency, including the implementation of a full range of anti-money laundering controls as required by law, as do banking organizations.

The Bank Secrecy Act does not require, and neither FinCEN nor the Federal Banking Agencies expect, banking institutions to serve as the *de facto* regulator of the money services business industry. Banking organizations that open or maintain accounts for money services businesses should apply the requirements of the Bank Secrecy Act on a risk-assessed basis, as they do for all customers, taking into account the products and services offered and the individual circumstances. Accordingly, a decision to accept or maintain an account with a money services business should be made by the banking institution’s management, under standards and

¹ 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).

guidelines approved by its board of directors, and should be based on the banking institution's assessment of risks associated with the particular account and its capacity to manage those risks.

Guidance on account relationships with money service businesses will be issued shortly by FinCEN and the Federal Banking Agencies outlining further our compliance expectations for banking institutions. FinCEN will issue concurrent guidance to money services businesses outlining their compliance obligations. We believe this guidance will clarify the Bank Secrecy Act requirements and supervisory expectations as applied to accounts opened or maintained for money services businesses.