



Strategic Plan

Financial Crimes Enforcement Network
Fiscal Years 2012 - 2016



FinCEN
Data



Strategic Plan

*Financial Crimes Enforcement Network
Fiscal Years 2012 - 2016*





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Message from the Director



March 14, 2012

I am pleased to submit the Strategic Plan of the Financial Crimes Enforcement Network (FinCEN) for fiscal years 2012-2016. FinCEN's goals focus on keeping financial systems transparent and resistant to criminal abuse; analyzing and sharing information to help detect and deter financial crime; ensuring that the data we collect remains useful, comprehensive and secure; and fostering innovation among the dedicated and diverse workforce that is FinCEN's greatest asset.

While we continue the overall direction and commitment to efficiency and effectiveness that I set out in our 2008-2012 Strategic Plan, the investments we have made in recent years have better positioned us to carry out our important mission. Going forward, FinCEN will draw upon its strengthened partnerships with:

- **Law enforcement**, across a broader range of agencies committed to following money trails, providing them analysis and information to support their investigations and prosecutions, increasingly helping them proactively identify and target areas of greater risk, and more effectively drawing upon their insights to use FinCEN's regulatory authorities to mitigate risks of criminal abuse.
- **Financial institutions**, which now better understand the purpose, importance, and impact of their contributions to protecting the integrity of the financial markets, promoting constructive dialogue on how to focus their efforts on serving customers, not criminals.
- **Regulators**, at the Federal and the State level, ensuring consistent compliance across a broader range of industry sectors, and utilizing more data-driven, risk-based approaches to focus government and industry compliance resources.
- **Foreign counterparts**, in financial intelligence units and AML/CFT regulatory authorities, which have strengthened capacity and commitment globally, recognizing the benefits and necessity of cooperation to counter criminals that respect neither laws nor borders.

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Central to FinCEN's efforts to leverage information and solutions across hundreds of government agencies at the Federal, State, and local levels is a modernized information technology environment being launched in 2012 with increasing functionality in coming years. This brings to fruition the vision of FinCEN's founders a generation ago to establish within the bureau a government-wide data access service for the financial reporting under FinCEN's regulations together with other information and data sets relevant to the detection and deterrence of financial crime.

As financial products and services continue to evolve, along with criminal efforts to exploit them, so do the opportunities for FinCEN's experts to identify new ways to utilize information and more timely and creatively draw upon the full range of our mutually reinforcing authorities. I look forward to working with all of FinCEN's partners to explore these opportunities and meet the increasing demands of the customers we serve.

Sincerely,

James H. Freis, Jr.

Director

Financial Crimes Enforcement Network

Mission

Enhance the integrity of financial systems by facilitating the detection and deterrence of financial crime.

The Financial Crimes Enforcement Network (FinCEN) is a bureau in the U.S. Department of the Treasury. FinCEN directly supports the Department's strategic goal to protect our national security through targeted financial actions, and supports the Department's other strategic goals more broadly by promoting proper collection and use of government finances, promoting market integrity as an essential component for financial stability and economic growth, and exercising efficient management and organization. The Director of FinCEN reports to the Under Secretary for the Office of Terrorism and Financial Intelligence (TFI). TFI applies analytical expertise and a broad range of Departmental authorities to preempt the flow of money to terrorist groups, regimes that constitute a threat to the United States, drug traffickers, and other criminals.

Today, FinCEN combines a number of mutually reinforcing analytical, regulatory, international, and information sharing functions. Support to law enforcement, both in specific financial investigations and prosecutions, and in providing strategic insights into trends and patterns of financial crime, remains at the core of all that FinCEN does. FinCEN was established in 1990 to centralize expertise on the U.S. and international financial systems to analyze and disseminate information to law enforcement at the Federal, State, local, and international levels for the purpose of detecting and deterring money laundering and other financial crime.

In 1994, FinCEN was given responsibility to implement and administer the Treasury Department's regulations over the financial industry to make financial institutions resistant to criminal abuse, to require recordkeeping for law enforcement to follow the money trails, and to report certain financial transaction information. FinCEN's regulations primarily implement provisions of the Currency and Foreign Transactions Reporting Act of 1970 as amended--most notably by Title III of the USA PATRIOT Act of 2001, which legislative framework is commonly referred to as the "Bank Secrecy Act" (BSA).

FinCEN serves as the financial intelligence unit (FIU) of the United States: a jurisdiction's central, national agency responsible for receiving, analyzing, and disseminating disclosures of financial information in order to combat money laundering and terrorism financing. In 1995, FinCEN joined agencies from other jurisdictions with similar financial analysis functions to establish the Egmont Group of FIUs dedicated to facilitating increased information sharing in support of law enforcement investigations. FinCEN continues to play a major role among the Egmont Group's

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more than 125 members from around the world, in fostering the unique FIU function of international exchange of information for anti-money laundering and counter-terrorist financing (AML/CFT) purposes. FinCEN helps FIUs strengthen their AML/CFT efforts, provides the secure Web system through which Egmont Group members can exchange information, and participates in the Egmont Group's coordinating and working groups.

Data and the information technology used for analysis have always been at the core of FinCEN's work. From the bureau's inception, FinCEN was envisioned to maintain a government-wide data access service to include financial reporting under the regulations implementing the BSA and other related information and data sets. FinCEN is now implementing a modernized information technology framework to centralize data and analytical tools and leverage information across hundreds of government agencies at the Federal, State, and local levels.

To fulfill its responsibilities towards the detection and deterrence of financial crime, FinCEN:

- Issues and interprets regulations authorized by statute
- Supports and enforces compliance with those regulations
- Supports, coordinates, and analyzes data regarding compliance examination functions delegated to other Federal regulators
- Manages the collection, processing, storage, dissemination, and protection of data filed under FinCEN's reporting requirements
- Maintains a government-wide access service to FinCEN's data, and networks users with overlapping interests
- Coordinates with policy, intelligence, and sanctions counterparts within TFI on sanctions designations and AML/CFT policy
- Supports law enforcement investigations and prosecutions
- Synthesizes data to recommend internal and external allocation of resources to areas of greatest financial crime risk
- Shares information and coordinates with foreign FIU counterparts on AML/CFT efforts
- Conducts analysis to support policymakers; law enforcement, regulatory, and intelligence agencies; FIUs; and the financial industry

Consultation Efforts

FinCEN consulted with its stakeholders, including representatives from law enforcement, financial regulators, and the regulated industry, in preparing this 2012-2016 strategic plan.

Cross-Cutting Principles

The following principles serve as the foundation for all FinCEN operations and enable employees to work across organizational lines to weave strategic activities into a coherent whole.

Principle 1: Performance and Value

FinCEN seeks high performance internally to create value for its external stakeholders. Everyone in the organization is responsible for taking initiative to achieve results in a cost effective manner, providing superior customer service, and identifying opportunities for improvement. FinCEN adds value through its regulatory framework, expert analysis, and appropriate sharing of information to enable the financial industry, law enforcement, and regulatory communities to focus resources on areas of greatest risk of financial crime.

Principle 2: Partnerships and Collaboration

FinCEN aims to maximize collaboration with its stakeholders to facilitate resource utilization and enhance outcomes. FinCEN is uniquely positioned at the intersection of the financial industry, regulators, law enforcement agencies, global partners, and within Treasury and TFI, and is able to network these different perspectives to bring comprehensive insights to the detection and deterrence of financial crime. For example, after learning how a specific money laundering scheme operates, how a given law enforcement agency utilizes financial data during investigations, or how different types of cross-border money exchanges occur, FinCEN shares this knowledge with appropriate public and private entities to leverage the global efforts to combat financial crime.

Principle 3: A Global Perspective

As the nation's FIU, FinCEN maintains a global perspective. FinCEN's regulatory approach also continues to evolve in light of the interdependence of global markets, and as global financial institutions increasingly consider enterprise-wide AML/CFT compliance approaches. FinCEN recognizes that the world's leading economy is a major target for money laundering. Because financial transactions are not bound by national borders, partnerships with other jurisdictions and international bodies are essential to detect and deter illicit activities both in this country and abroad, and to strengthen appropriate financial system transparency throughout the world.

Principle 4: Advanced Technology

FinCEN is an information-driven organization. Fully integrated, secure, and high-performing systems based on proven technology are critical to both FinCEN's internal operations and its ability to securely collect, store, protect, analyze, and disseminate information for the purpose of combating financial crime. FinCEN continually strives to incorporate technological advances to serve and communicate with stakeholders and to maximize operating efficiency.

Cross-Cutting Principles



Strategic Goal 1:

Financial systems are more transparent and resistant to financial crime

Implementing effective regulatory requirements and ensuring consistent application of those requirements are necessary to increase financial system transparency and resistance to financial crime. FinCEN oversees a broad array of financial products, services, and industry sectors under its regulatory requirements. Regulations implementing the BSA seek to increase financial system transparency and resistance to financial crime by requiring financial institutions to design and implement programs to guard against criminal abuse, preserve accurate transaction records to enable law enforcement investigators to follow the money, and report transactions to the government where appropriate.

Objective 1.1: Effectively designed and balanced regulatory framework

FinCEN draws upon insight from law enforcement and regulatory partners, the financial industry, and from its own internal analysis to identify vulnerabilities. When considering if regulatory requirements are needed to address those vulnerabilities, FinCEN must carefully balance the need for increased transparency and resistance with the cost to the industry, and the related potential inconvenience to customers. Where possible, FinCEN aims to apply similar regulatory requirements to all industries that offer financial products of equivalent functionality and to align regulatory requirements with commercial incentives of the financial industry. For example, recognition has grown over time of the nexus between fraud and money laundering, and the financial industry is starting to take advantage of significant efficiencies available through leveraging anti-fraud resources with AML efforts. To meet this objective, FinCEN will:

- Implement similar regulatory requirements for similar products across the financial industry
- Provide guidance to the financial industry on regulatory requirements
- Enhance understanding of illicit schemes and discern emerging trends and vulnerabilities
- Inform regulatory action through leadership of the Bank Secrecy Act Advisory Group
- Advise the financial industry of emerging risks and trends

Objective 1.2: Effective and consistent application of regulatory requirements

FinCEN leverages efforts of Federal and State regulatory agencies that examine financial institutions to ensure effective and consistent application of FinCEN's regulatory requirements, and takes enforcement action against financial institutions that demonstrate systemic or egregious non-compliance. Timely resolution of non-compliance is critical to closing gaps that allow criminal abuse of the financial system. To meet this objective, FinCEN will:

- Promote consistent, risk-based examination for compliance
- Identify and address compliance vulnerabilities
- Exercise enforcement authority as appropriate to promote compliance
- Assess the usefulness of regulatory requirements through feedback to the financial industry

Objective 1.3: Promotion of strong global AML/CFT standards

Criminal abuse of financial services and products is not bound by national borders and undermines the integrity of financial systems around the world. FinCEN works with policy counterparts within TFI, foreign FIUs, and regulators to support the implementation of regimes to combat money laundering, terrorist financing, and other financial crime, including initiatives to facilitate AML/CFT compliance by financial institutions operating in multiple jurisdictions. FinCEN also supports U.S. engagement with the Financial Action Task Force (FATF) and FATF-style regional bodies (FSRBs) to promote the design and implementation of international money laundering and terrorist financing standards. FinCEN will continue working with its global partners to promote stronger AML/CFT policies and programs worldwide. To meet this objective, FinCEN will:

- Enhance collaboration with TFI policy counterparts on development of AML/CFT policy and best practices
- Enhance bilateral and multilateral engagement with foreign FIUs and regulators on AML/CFT regulation and compliance
- Promote stronger global AML/CFT regimes by engaging with the Egmont Group, FATF, and FSRBs

Measures and Indicators

To gauge success, FinCEN will measure the impact of its information exchange on regulatory consistency and compliance, and will measure the level of satisfaction and value of feedback provided to implement stronger programs and respond to requests for guidance. FinCEN will also monitor the level of compliance violations cited by Federal banking agencies and the percentage of regulators with information sharing agreements related to compliance with FinCEN's regulations.

Strategic Goal 2:

Analysis and information sharing contribute to the detection and deterrence of financial crime

Although more than four decades have passed since the BSA became law, the importance of financial information to law enforcement, regulatory, policy, and intelligence agency efforts to counter illicit activity is greater than ever. FinCEN applies its unique expertise to analyze information collected under the BSA reporting requirements in combination with other large data sets to support a broad range of law enforcement investigations, including fraud, terrorism, and drug trafficking. FinCEN maximizes utilization of financial intelligence by law enforcement agencies, TFI counterparts, and other domestic and foreign partners seeking to detect and deter financial crime by sharing the knowledge gained through its tactical, proactive, and strategic analysis.

Objective 2.1: High quality, relevant analytic products and services

FinCEN encourages feedback from its partners to facilitate the refinement of its analytical products and ensure that the products assist them in the detection and deterrence of financial crime. For example, FinCEN's analytical products that support existing investigations are meant to help identify additional connections between criminals or locate illicit funds. Strategic-level analytical products identify trends and patterns in illicit activity and may be used in a variety of ways, including the proactive detection of additional investigative targets, more effective deployment of investigative resources, or development of policies to combat illicit activity. Additionally, FinCEN's reference publications and training sessions are designed to enhance partners' understanding of new technologies and payment systems, and improve their ability to trace financial trails, which ultimately aid in the detection and deterrence of illicit activity. To meet this objective, FinCEN will:

- Develop analytic products that facilitate efforts to combat financial crime and promote efficient allocation of resources based on risk
- Produce reference manuals and training to expand knowledge of financial systems
- Identify opportunities for sharing and integrating data to enhance analytic products
- Develop business rules and processes that facilitate analysis of large scale data sets

Objective 2.2: Robust and efficient information sharing mechanisms

FinCEN develops and maintains a number of information sharing mechanisms that aid in the detection and deterrence of financial crime, including both information technology systems and partnerships with government and private sector entities. For example, FinCEN ensures that financial reporting under the BSA together with other related data are made available as appropriate to counterparts in TFI and other government agencies at the Federal, State, and local levels in ways that are useful and consistent with applicable laws and regulations. In the international context, FinCEN is one of more than 125 FIUs that together comprise the Egmont Group, a group whose core functions are based on financial information sharing in support of both domestic and foreign law enforcement investigations of money laundering and terrorist financing. FinCEN leverages its diverse partnerships by synthesizing the feedback received to inform its analytical and regulatory perspectives, utilizing the information to enhance its products and services, and sharing that information with appropriate partners to maximize the value for the larger community. To meet this objective, FinCEN will:

- Provide appropriate access to information and data to support TFI and partner agency missions
- Support U.S. agency investigative requests to Egmont Group FIUs
- Enhance international information exchange through collaborative engagements with FIUs and leadership in the Egmont Group
- Provide law enforcement access to financial institution information for significant money laundering or terrorist financing investigations

Measures and Indicators

To determine the success of its efforts, FinCEN will measure the percentage of customers rating its analytic products as valuable toward the detection and deterrence of financial crime. FinCEN will also monitor its productivity, opportunities for and nature of outreach engagements, and customer feedback.

Strategic Goal 3:

Financial reporting and data are useful, comprehensive, and secure

FinCEN's statutory responsibilities include maintaining a government-wide data access service. As such, FinCEN is committed to providing a system that includes the financial reporting under FinCEN's regulations implementing the BSA along with information and data sets from other organizations relevant to the detection and deterrence of financial crime. This system serves FinCEN's internal users and more than 12,000 external users at hundreds of Federal, State, and local agencies including TFI counterparts, that rely on FinCEN for accurate, timely, and reliable information to identify money laundering, terrorist financing, fraud, tax evasion, and vulnerabilities in the financial industry.

Objective 3.1: Effective information collection and use protocols

It is critical that information collected and provided by FinCEN is reliable and complete. Beginning in 2012, FinCEN will transition all reporting requirements and tools to electronic filing, with the exceptional legacy paper filings to be phased out shortly thereafter. These efforts will increase data quality, support the Department of the Treasury's initiative of moving toward a paperless environment, and allow FinCEN to integrate its information with other data sources. FinCEN will also work toward providing better tools for internal and external stakeholders to research and analyze the information. These tools will increase the value of the information and equip FinCEN analysts, law enforcement agencies, and regulators with better decision-making abilities. FinCEN will also provide the necessary guidance to ensure authorized users understand how to properly utilize the information and supporting technology, and the importance of safeguarding the information. To meet this objective, FinCEN will:

- Promote electronic financial reporting
- Integrate other relevant data sets into the government-wide data access service
- Train and engage information users in dialogue on data requirements, utilization, and potential changes
- Provide common tools to support research and analysis, and educate users about them
- Ensure authorized users and recipients properly utilize and secure FinCEN information

Objective 3.2: Reliable and secure technical infrastructure

Beginning in 2012, and with increasing functionality over the next few years, FinCEN will provide a more streamlined, agile technical architecture, which can more quickly respond to and evolve with ever-changing business demands. FinCEN's architecture is based on common data standards that can be shared among agencies. These data exchange standards reduce complexity and provide commonly understood data format and definitions, and increase interoperability among automated systems. Collecting all financial reporting electronically allows FinCEN to validate and enrich data, and establish more effective security and audit technologies to enhance data confidentiality and integrity. FinCEN will continue to provide a data management framework and forum for its diverse stakeholders to provide input and feedback on the operational model for managing the information. To meet this objective, FinCEN will:

- Develop and deploy advanced, flexible technology solutions
- Improve data quality with standardized, validated, and enriched information
- Ensure security and privacy of data, applications, and systems
- Maintain an information management framework and associated partnerships

Measures and Indicators

To determine the success of its efforts, FinCEN will measure the percentage of users who find the information is valuable toward the detection and deterrence of financial crime. FinCEN will also track the performance of its electronic filing system, and conduct inspections of authorized users of FinCEN data to ensure the information is properly utilized and secured.

Management Goal:

High-performing employees and managers operate in an innovative and responsible work environment

FinCEN seeks to create a culture of excellence, integrity, and diversity that inspires exceptional teamwork, service, and performance. The framework supporting this goal ensures the bureau has the right mix of people, skills, tools, and technology to create and maintain this culture. As a service organization, this internal approach is reflected in partnerships with FinCEN's counterpart offices in TFI and a broad range of external stakeholders, consistent with the open government principles of transparency, participation, and collaboration.

Objective: A results-oriented, accountable and transparent bureau

FinCEN offers a variety of opportunities and programs to recruit employees and promote employee development and growth, such as leadership development, mentoring, and rotational assignments. These programs allow employees to work across organizational lines and obtain a more global perspective of the bureau's operations. In addition, these programs provide critical opportunities for information sharing, prepare employees for advancement, and promote employee engagement and satisfaction. As an information-driven organization, FinCEN seeks to leverage advances in information technology to ensure its employees have the necessary tools to fulfill the bureau's mission. Satisfied and well equipped employees are motivated to take initiative, achieve results, and provide exceptional service, a defining aspect of the bureau's culture. To meet this objective, FinCEN will:

- Attract, develop, and retain a highly qualified and diverse workforce
- Define clear performance expectations and provide timely feedback
- Improve information sharing and feedback
- Continue process improvement and encourage innovation
- Promote employee engagement and satisfaction
- Leverage advances in information technology

Objective: A safe and environmentally friendly workplace

In association with maintaining a responsible work environment, FinCEN provides a safe and environmentally friendly workplace for its employees. The bureau has programs and plans in place that focus on the personal safety of employees, as well as emergency preparedness in the event of a disaster. FinCEN also engages in sustainable work practices aimed at preserving the environment and conserving energy, including the use of alternative-fuel vehicles, a comprehensive recycling program, and telework for employees. FinCEN will continue to explore other opportunities to ensure its work practices help protect and sustain the environment. To meet this objective, FinCEN will:

- Provide a secure work environment
- Promote environmentally sustainable work practices

Measures and Indicators

Various indicators will be tracked to gauge success on goal performance, including hiring time, retention rates, employee satisfaction surveys, telework rates, and environmental impact.

External Factors Affecting the Achievement of FinCEN's Strategic Goals

In the long term, FinCEN must anticipate and address a variety of challenges, which include:

- **Fiscal Environment:** In an environment focused on deficit reduction, FinCEN contributes to efforts across all levels of government to leverage and focus resources to address areas of greatest risk, and return on investment. FinCEN will work with the Department of the Treasury, other agencies, and Congress to fulfill its mission while ensuring that its resources are allocated in an efficient and effective manner.
- **Legislation:** Like other Federal organizations, FinCEN may be subject to new legislative requirements. To meet changing mandates, FinCEN staff will stay abreast of legislative proposals that could affect the financial and AML/CFT regulatory framework as well as internal operations. Such diligence will help FinCEN respond quickly and responsibly to new legislative direction.
- **International Standards:** Global AML/CFT standards continue to evolve to address changes in the nature and scope of financial crime, as well as opportunities to mitigate risks. Changes in international standards and expectations of foreign counterparts could affect FinCEN's regulatory responsibilities as well as its function as an FIU. FinCEN seeks to continue to be a global leader and will keep abreast of developments within relevant international organizations through collaboration with TFI counterparts and FATF.
- **Technology:** Technological advancement offers the opportunity to increase efficiencies and provide better services using fewer taxpayer resources. Technology also facilitates innovation in financial products and services, as well as in the ways criminals attempt to abuse them. FinCEN will continue its efforts to keep abreast of changes and to modernize the information technology systems utilized both internally and with external partners for the collection, processing, analysis, dissemination, and protection of information.

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- **Data Security:** Data security is a top priority for FinCEN given the sensitive information it manages. The bureau must ensure the secure collection and dissemination of information reported by financial institutions, and protect information shared among external partners, especially in law enforcement and regulatory agencies. FinCEN is committed to maintaining systematic and reliable processes for protecting the integrity of the data it collects and for ensuring that all users properly safeguard and utilize the data.
- **National Security Threats and Financial Crime:** FinCEN plays a key role in TFI's efforts to address risks of financial crime and associated threats to national security. Illicit actors will continue to try to avoid detection and to exploit vulnerabilities in a highly dynamic and global financial system. FinCEN is committed to continuing its analysis to identify trends, patterns, and vulnerabilities in U.S. and international financial systems, and will continue to utilize regulatory tools to mitigate evolving risks, particularly with new financial products or services.
- **International and Domestic Partnerships:** Enhancing the integrity of the financial system requires cooperation of many different organizations, both domestic and foreign. Continued success requires cooperation from the financial sector, law enforcement, policy counterparts in TFI, regulators, foreign FIUs, the intelligence community, and other government agencies.



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