Financial Crimes Enforcement Network
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FinCEN Releases Report on Outreach to Large Depository Institutions

Four Key Findings Attributed to Dialogue with Industry

VIENNA, Va. – In a speech today at a conference of financial and legal professionals jointly sponsored by the American Bankers Association and the American Bar Association, James H. Freis, Jr., Director of the Financial Crimes Enforcement Network (FinCEN) announced the findings of a report – ***Financial Institutions Outreach Initiative*** – that lays out valuable information about Bank Secrecy Act (BSA) practices and procedures among large depository institutions. The report is based on information garnered from FinCEN's outreach to large depository institutions conducted over the past year.

"The Financial Institutions Outreach Initiative contributes to FinCEN's broader understanding of financial industry practices in applying the BSA and provides new insights into what information institutions need to more effectively implement their anti-money laundering programs," said Director Freis. "As a result of this dialogue, law enforcement investigators and regulators will receive increasingly better information to act against financial crime and illicit activities."

In January 2008, in an effort to better inform its regulatory rulemaking and guidance responsibilities, FinCEN initiated an outreach effort with representatives from a variety of industries that fall under BSA regulatory requirements. This year, FinCEN has been conducting similar outreach to some of the nation's largest money services businesses, and it has just announced a new outreach initiative with smaller depository institutions. Going forward, FinCEN will conduct additional initiatives with other industry groups.

Among the key findings released in today's report:

- Many larger depository institutions have internal account closure policies in place relating to suspicious activity report (SAR) filings; however, the policies differ among the various banks.

- The money laundering-related SAR process is managed within a bank's anti-money laundering (AML) or BSA compliance group, while the fraud-related SAR process is typically handled by other business lines within the bank, including corporate security, fraud prevention, loan risk and recovery, consumer lending operations, and credit card operations.

- While banks indicated that automated transaction monitoring systems to generate "alerts" for further investigation provided added value to their efforts to identify suspicious activity, every bank indicated that they believe their best source of information on possible suspicious activity comes from referrals by front-line bank personnel.

- The vast majority of large depository institutions had established stand-alone financial intelligence units (FIUs) to perform internal analysis of unusual transactions and to support their efforts to comply with reporting requirements under the BSA.

FinCEN also detailed in the report a number of steps it has taken to provide greater clarity in guidance in response to questions raised by depository institutions. The complete report, *Financial Institutions Outreach Initiative*, is available at www.FinCEN.gov.

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