



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-24-2005
March 30, 2005

BANK SECRECY ACT

Statement on Money Services Businesses

Summary: *The federal banking, thrift and credit union regulatory agencies, and the Financial Crimes Enforcement Network, have jointly issued a statement regarding money services businesses.*

Distribution:
FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:
Chief Executive Officer
BSA Compliance Officer

Related Topics:
Bank Secrecy Act
Money Services Businesses

Attachment:
Joint Statement on Providing Banking
Services to Money Services Businesses

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Highlights:

- The Federal Deposit Insurance Corporation (FDIC), together with the Financial Crimes Enforcement Network (FinCEN), the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration, issued today a Statement regarding banking institutions' obligations under the Bank Secrecy Act when opening and maintaining accounts for money services businesses. The agencies recognize that money services businesses must have access to financial services to remain within the formal financial sector.
- The agencies will soon issue guidance for banking institutions that further outlines compliance expectations. In addition, FinCEN will issue concurrent guidance to money services businesses outlining their compliance obligations under the Bank Secrecy Act.

**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 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.

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(u).

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.