Discussion Topics

- Emerging Risk Areas
  - Bulk Cash/USD Repatriation
  - Remote Deposit Capture

- Critical AML Components
  - Customer Due Diligence (CIP/CDD/EDD)
  - Risk Assessment
  - Suspicious Activity Monitoring and Reporting
Bulk Cash / USD Repatriation

- Smuggling of U.S. currency out of the U.S. into foreign financial institutions

- Shipped back to the U.S. thru the foreign financial institution

- Source of funds is generally not known

- Considered VERY high risk activity
Bulk Cash / USD Repatriation

- Higher Risk Activity
  - 2009 National Drug Threat Assessment
  - ICE Cornerstone Report

  - Due Diligence Program (EDD, Assess MLg Risks, Apply Risk-based Procedures and Controls)

- FinCEN Advisory – 2010-A007
  - New Mexican Reg Changes – prohibition and restrictions on USD transactions
Remote Deposit Capture (RDC)

- Digitization of Monetary Instruments
- Risks Include: Fraud, IT Security, AML/OFAC
- International RDC - Higher Risk Activity
- Correspondent Bank Policies, Procedures, and Regulatory Requirements are Applicable.
  - Due Diligence Program (EDD, Assess MLg Risks, Apply Risk-based Procedures and Controls).
Critical AML Components

- Customer Due Diligence (CIP/CDD/EDD)
- Risk Assessment
- Suspicious Activity Monitoring and Reporting
Customer Due Diligence

- CDD policies, procedures, and processes are cornerstone of a strong BSA Program
  - Key component of risk assessment process
  - Enables customer risk stratification
  - Critical to suspicious activity monitoring and reporting
  - Periodically refreshed on risk basis
Customer Due Diligence

Risk Assessment
• Customer Risk Ratings
• Enhanced Due Diligence, if necessary

Internal Controls
• Suspicious Activity Monitoring
  • Alerts/Scenarios
  • Parameters
• Investigation Analysis & SAR Recommendation / Decision-Making
Risk Assessment - Process

- **Step I - Identifying Specific Risk Categories**
  - Products and Services
  - Customers and Entities
  - Geographies

- **Step II – Analysis of Specific Risk Categories**
  - Purpose of the account
  - Actual or anticipated activity in the account
  - Nature of the customer’s business
  - Customer’s location
  - Types of products and services used by the customer
Risk Assessment - Attributes

- Systematic
- Repeatable
- Identification & Measurement Factors
- Usable Tactical and Strategic Reporting
  - Higher Risk Customer Ratings
  - Line of Business/Products Line Designation
Suspicious Activity Monitoring & Reporting Process

Identification of Unusual Activity (alerting channels)
Alert Analysis & Investigation
SAR Decision Making (quality control)
SAR Completion & Filing
Questions ?