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Five Federal Agencies Issue Joint Statement on Approach to Customer Due Diligence



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On July 6, five federal agencies – the Board of Governors of the Federal Reserve System (“FRB”), Federal Deposit Insurance Corporation (“FDIC”), Financial Crimes Enforcement Network (“FinCEN”), National Credit Union Administration (“NCUA”), and Office of the Comptroller of the Currency (“OCC”), collectively, the “Agencies” – issued a [Joint Statement on the Risk-Based Approach to Assessing Customer Relationships and Conducting Customer Due Diligence](#) to “remind [banks, thrifts, credit unions and other covered institutions] of the risk-based approach to assessing customer relationships and conducting customer due diligence (CDD).”

In the Statement, the Agencies reinforced their view that no particular customer type should be viewed as presenting a single level of uniform money laundering, terrorist financing or other illicit financing risk. Thus, the Agencies reiterated that they “continue to encourage banks to manage customer relationships and mitigate risks based on customer relationships, rather than decline to provide banking services to entire categories of customers.”

The Agencies also reiterated that appropriate risk-based CDD procedures should “enable banks to: (i) understand the nature and purpose of customer relationships for the purpose of developing a customer risk profile, and (ii) conduct ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.”

The Agencies also noted that the discussion of particular customer types in the [FFIEC BSA/AML Examination Manual](#) should not be read as an indication that banks

should avoid large categories of customers or view them as uniformly higher risk, but rather it is meant as guidance to examiners conducting assessments of a bank's compliance with the Bank Secrecy Act.
