

U.S. DEPARTMENT OF THE TREASURY

FinCEN and Federal Banking Agencies Clarify BSA Due Diligence Expectations for Charities and Non-Profit Customers

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WASHINGTON—In coordination with the Federal Banking Agencies, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) today issued a joint [fact sheet](#) to provide clarity to banks on how to apply a risk-based approach to charities and other non-profit organizations (NPOs).

The joint fact sheet highlights the importance of ensuring that legitimate charities have access to financial services and can transmit funds through legitimate and transparent channels, especially during the current COVID-19 pandemic. Also, the joint fact sheet reminds banks to apply a risk-based approach to customer due diligence (CDD) requirements when developing the risk profiles of charities and other non-profit customers. The fact sheet reaffirms that the application of a risk-based approach is consistent with existing CDD and other Bank Secrecy Act/Anti-Money Laundering (BSA/AML) compliance requirements.

More broadly, the U.S. government does not view the charitable sector as presenting a uniform or unacceptably high risk of being used or exploited for money laundering, terrorist financing, or evasion of sanctions. This perspective is in line with the standards of the Financial Action Task Force (FATF), which is the AML/countering the financing of terrorism (CFT) and proliferation international standard setting body, with whose standards 205 countries around the world have agreed to comply. Although some charities and other NPOs have been misused to facilitate terrorist financing, the U.S. government recognizes that most charities and other NPOs fully comply with the law and properly support only charitable and humanitarian causes. This is consistent with the findings included in the 2020 National Strategy for Combatting Terrorist and other Illicit Financing (<https://home.treasury.gov/system/files/136/National-Strategy-to-Counter-Illicit-Financev2.pdf>) and the 2018 National Terrorist Financing Risk Assessment (https://home.treasury.gov/system/files/136/2018ntfra_12182018.pdf), published by the Treasury Department in February 2020 and December 2018, respectively. Further, given the current COVID-19 pandemic, the U.S.

Treasury Department has also committed to ensuring the international flow of humanitarian aid continues through legitimate and transparent channels. See <https://home.treasury.gov/news/press-releases/sm969>.

“The U.S. Department of the Treasury recognizes the important role played by the charitable sector, especially during the COVID-19 pandemic, as it supports communities and provides life-saving assistance,” said Deputy Secretary of the Treasury Justin G. Muzinich.

FinCEN Director Kenneth A. Blanco noted, “FinCEN appreciates the critical role of those charities and NPOs who are on the front lines of the COVID-19 pandemic. FinCEN demonstrates in this communication our joint resolve and the importance of ensuring their access to banking services, while at the same time protecting our national security, keeping our citizens safe from harm, and safeguarding our financial system.”

The U.S. Department of the Treasury is committed to working with the private sector, including financial institutions and non-profit organizations, to provide guidance and clarification on AML/CFT and sanctions obligations relevant to the charitable sector.

The fact sheet does not alter existing BSA/AML legal or regulatory requirements or establish new supervisory expectations. It was developed with the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency.