



FEDERAL RESERVE BANK OF DALLAS

2200 N. PEARL ST.
DALLAS, TX 75201-2272

April 7, 2005

Notice 05-21

TO: The Chief Executive Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

Account Relationships with Money Services Businesses

DETAILS

The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Office of Thrift Supervision, and National Credit Union Administration, along with the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), have issued an interagency statement concerning the provision of banking services to money services businesses (MSBs).

The interagency statement describes current issues relating to the provision of banking services to MSBs and the views of the Federal Reserve, the other federal financial institutions supervisory agencies, and FinCEN about assessing and controlling the varying levels of risk associated with such accounts.

ATTACHMENTS

A copy of the Board's SR letter 05-7 and the interagency statement are attached.

MORE INFORMATION

For more information, please contact Gayle Teague at (214) 922-6151 or Randy Steinley at (713) 652-9117, Banking Supervision Department. Paper copies of this notice or previous Federal Reserve Bank notices can be printed from our web site at www.dallasfed.org/banking/notices/index.html.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

DIVISION OF
BANKING
SUPERVISION AND
REGULATION

SR 05-7
March 30, 2005

**TO THE OFFICER IN CHARGE OF SUPERVISION AND APPROPRIATE
SUPERVISORY AND EXAMINATION STAFF AT EACH FEDERAL
RESERVE BANK AND TO EACH DOMESTIC AND FOREIGN
BANKING ORGANIZATION SUPERVISED BY THE FEDERAL
RESERVE**

SUBJECT: Account Relationships with Money Services Businesses

The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Office of Thrift Supervision, and National Credit Union Administration, along with the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), have issued the attached interagency Statement concerning the provision of banking services to money services businesses (MSBs).

The interagency Statement describes current issues relating to the provision of banking services to MSBs and the views of the Federal Reserve, the other federal financial institutions supervisory agencies and FinCEN about assessing and controlling the varying levels of risk associated with such accounts.

To assist banking organizations, the agencies are working to develop guidance that will articulate supervisory expectations associated with MSB accounts. It is expected that this guidance will be released concurrent with FinCEN guidance for the money services business industry further outlining that industry's compliance obligations.

Reserve Banks are asked to distribute this SR letter to the domestic and foreign banking organizations supervised by the Federal Reserve in your districts, as well as to supervisory and examination staff. If you have any questions, please contact Dawn Adams, Senior Special Anti-Money Laundering Examiner, at (202) 452-3964, or Bridget M. Neill, Manager, Anti-Money Laundering Policy and Compliance Section, Division of Banking Supervision and Regulation, at (202) 452-5235.

Herbert A. Biern
Senior Associate Director

Attachment: [Joint Statement on Providing Banking Services to Money Services Businesses](#) (18 KB PDF)

**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

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(uu).

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.

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.