
Bank Secrecy Act/Anti-Money Laundering Examination Manual

On April 15, 2020, the FFIEC released an update to the [Bank Secrecy Act/Anti-Money Laundering Examination Manual](#) (BSA Manual) which was last updated in 2014. The update does not establish new requirements but is intended to clearly distinguish mandatory regulatory requirements and supervisory expectations when assessing the adequacy of a bank's BSA/AML compliance program within the sections summarized below.

Risk-Focused BSA/AML Supervision

The updated manual provides instructions to examiners for tailoring BSA/AML examinations to a bank's risk profile and advises examiners to consider:

- the bank's BSA/AML risk assessment;
- independent testing or audits;
- analyses and conclusions from previous examinations;
- management's responses, including the current status of issues, regarding independent testing or audit results and examination findings;
- offsite and ongoing monitoring;
- information received from the bank in response to the request letter;
- other communications with the bank; and,
- BSA reporting available from the Financial Crimes Enforcement Network (FinCEN).

Assessing the BSA/AML Compliance Program

Examiners must assess the adequacy of a bank's BSA/AML compliance program by determining whether the bank's compliance program contains:

- a system of internal controls;
- independent testing for compliance;
- designation of a BSA compliance officer;
- training for appropriate personnel; and,
- procedures for CIP, CDD, and beneficial ownership.

BSA/AML Risk Assessment

The updated manual provides instructions to examiners for assessing the adequacy of a bank's BSA/AML risk assessment processes. When evaluating the adequacy of the process, this section:

- requires examiners to identify specific risk categories unique to a bank and analyze the that information to assess risks within these categories;
- reminds examiners that banks are not required to use a particular risk assessment method or format;
- emphasizes that risk categories can vary based on a bank's size, complexity, or organizational structure; and,
- instructs examiners that there is no requirement for risk assessment updates on a continuous or specified periodic basis.

Developing Conclusions and Finalizing the Exam

When finalizing exams, the manual reminds examiners that banks have flexibility in the design of their BSA/AML compliance programs and risk assessments. Examiners should not regard minor weaknesses, deficiencies, and technical violations as signs of an inadequate program.