PRESS RELEASE

Federal Deposit Insurance Corporation

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Media contact:
David Barr
(202) 898-6992
dbarr@fdic.gov

FinCEN and Federal Banking Regulators Issue a Joint Statement to Encourage
Innovative Industry Approaches to BSA/AML Compliance

WASHINGTON — The Federal Deposit Insurance Corporation (FDIC), along with the other federal banking regulators and the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), today issued a joint statement to encourage depository institutions to consider, evaluate, and, where appropriate, responsibly implement innovative approaches to meet their Bank Secrecy Act/anti-money laundering (BSA/AML) compliance obligations in order to strengthen the financial system against illicit financial activity.

In the statement, the Board of Governors of the Federal Reserve System, the FDIC, FinCEN, the National Credit Union Administration, and the Office of the Comptroller of the Currency recognize that private sector innovation, including adopting new technologies and finding new ways to use existing tools, can help banks identify and report money laundering, terrorist financing, and other illicit financial activity. To assist depository institutions in this effort, the statement makes clear that the agencies are committed to continued engagement with the private sector and other interested parties.

"New technology, such as artificial intelligence and machine learning, can provide better strategies for banks of all sizes to better manage money-laundering and terrorist-financing risks, while reducing the cost of compliance," said FDIC Chairman Jelena McWilliams.

Institutions are becoming increasingly innovative and sophisticated in their approaches to BSA/AML compliance, commensurate with their risk profiles. For example, some banks and credit unions are building or enhancing internal financial intelligence units devoted to identifying vulnerabilities and threats. Others are experimenting with digital identity technology to enhance their BSA/AML compliance programs.

Each of the agencies has established, or will establish, projects or offices to support the implementation of responsible innovation and new technology in the financial system. While bank management should continue to follow existing protocols for communication with their respective regulators, these projects and offices may serve as points of contact to facilitate communication related to innovation and new technology.

The agencies also welcome industry feedback on how they can best support innovative efforts through explanations of, or updates to, supervisory processes, regulations, and guidance. Those wishing to share such feedback in writing may do so by sending their submission electronically to FinCEN at FRC@fincen.gov.

Today's joint statement is the second statement resulting from a working group formed by the agencies and Treasury's Office of Terrorism and Financial Intelligence that focuses on improving the effectiveness and efficiency of the BSA/AML regime. On October 3, 2018, the agencies issued a joint Interagency Statement on Sharing Bank Secrecy Act Resources.

Attachment: Joint Interagency Statement on Innovation.

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