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**Joint Release**

**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**

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For immediate release

August 21, 2020

**Agencies Issue Statement on Bank Secrecy Act Due Diligence Requirements for Customers Who May Be Considered Politically Exposed Persons**

WASHINGTON—The Federal Reserve Board, the Federal Deposit Insurance Corporation, the Financial Crimes Enforcement Network, the National Credit Union Administration, and the Office of the Comptroller of the Currency today issued a joint statement clarifying that Bank Secrecy Act (BSA) due diligence requirements for customers who may be considered politically exposed persons (PEPs) should be commensurate with the risks posed by the PEP relationship.

The term PEP is commonly used to refer to foreign individuals who are or have been entrusted with a prominent public function, as well as their immediate family members and close associates. By virtue of this public position or relationship, these individuals may present a higher risk that their funds may be the proceeds of corruption or other illicit activity.

Addressing the money-laundering threat posed by corruption of foreign officials continues to be a national security priority for the United States. The statement recognizes that PEP relationships present varying levels of money-laundering risk, which depends on facts and circumstances specific to the customer relationship. For example, PEPs with a limited transaction volume, a low dollar deposit account with the bank, known legitimate sources of funds, or access only to products or services that are subject to specific terms and payment schedules could reasonably be characterized as having lower customer risk profiles.

The statement clarifies that, while banks must adopt appropriate risk-based procedures for conducting customer due diligence (CDD), the CDD rule does not create a regulatory requirement, and there is no supervisory expectation for banks to have unique, additional due diligence steps for customers who are considered PEPs. This joint statement does not alter existing BSA and anti-money laundering (AML) legal or regulatory requirements and does not require banks to cease existing risk management practices.

**Attachment:**

[Joint Statement on Bank Secrecy Act Due Diligence Requirements for Customers Who May Be Considered Politically Exposed Persons](#)

**Media Contacts:**

Federal Reserve

FDIC

FinCEN

NCUA

OCC

**FDIC: PR-92-2020**

Darren Gersh

Julianne Fisher Breitbeil

Steve Hudak

Laura Todor

Stephanie Collins

(202) 452-2955

(202) 898-6895

(703) 905-3770

(703) 518-1149

(202) 649-6870