

# Congressional Interest in “De-Risking” Issues

Toni Gillich, *CAMS, CFCS*  
Assistant Director  
Forensic Audits and Investigative Service  
U.S. GAO

The International Money Transfer & Payments Conference  
Miami Beach, FL – Nov 8–11, 2016

**IMTC**  
**WORLD**  
**2016**

# GAO – Congressional Watchdog

- ▶ Independent, nonpartisan agency that works for Congress and the American taxpayer.
- ▶ We provide Congress with timely information that is objective, fact-based, nonpartisan, nonideological, fair, and balanced.
- ▶ We conduct work:
  - at request of congressional committees or subcommittees,
  - by mandate by public laws or committee reports, and
  - under the authority of the Comptroller General

# Concerns Raised In Related Prior GAO Work

- ▶ BSA Exam Process (GAO-06-386)
  - Riggs Bank scandal
  - Embassy banking
- ▶ Suspicious Activity Reporting (GAO-09-226)
  - Concerns about “second guessing” of SAR filing decisions
- ▶ International remittances and money laundering (GAO-16-59)
  - Concerns about how banks’ perceive BSA/AML compliance risks

# Comprehensive Request for GAO Work

- ▶ January 2016 request from multiple congressional requesters
- ▶ Overarching concern about reduced access to U.S. banking system for providers of international remittances
- ▶ Specific concerns regarding:
  - Access along the U.S. Southwest border
  - U.S. remittances to fragile nations
  - Effects on money transmitters

# Access to Banking Services on U.S. Southwest Border

## Requesters' Key Concerns:

- ▶ Are there disproportionate branch closures along the border?
- ▶ What are the potential causes—lower profitability, BSA/AML costs, cash volumes?
- ▶ Are there specific types of banks closing branches?
- ▶ Is the termination of accounts (MSBs and others) correlated with branch closures?
- ▶ Potential solutions?

# U.S. Remittances to Fragile Nations

## Requesters' Key Concerns:

- ▶ Reduced access to banking for MSBs and effects on international remittances, especially to fragile countries like Somalia.
- ▶ Reduced remittances from diaspora could undermine poverty-reduction goals and pose increased risk for money laundering and terrorism financing.
- ▶ What would give financial institutions more confidence to serve MSBs, especially those serving fragile nations?

# Effects on Money Transmitters

## Requesters' Key Concerns:

- ▶ Causes of MSB account closure—compliance, reputational risk, inability to cover their costs, lack of clarity in exams or for other reasons.
- ▶ What role does the Bank Secrecy Act Advisory Group's working group on remittances play in helping to analyze the problem and find solutions?

# Effects on Money Transmitters (cont.)

- ▶ Usefulness of updating the 2005 joint interagency guidance to banks to clarify regulatory expectations.
- ▶ Should banks and credit unions receive access to MSB exam information to assist in customer due diligence?
- ▶ How has the Money Remittances Improvement Act (PLI 13-156) been implemented and what has been its effect?



# Related Proposed Legislation

- ▶ H.R. 5607(114<sup>th</sup> Congress)
  - Enhancing Treasury's Anti-Terror Tools Act
  - Sponsor: Rep. Pittenger (House Financial Services Committee)
  - Introduced: June 28,2016
  - One provision would require a Treasury Department study on:
    - Pilot technical assistance program by banking regulators for remittances to Somalia
    - Allowing MSBs to share their state exams with banks and credit unions.

# Ongoing GAO Work

- ▶ 2 engagement teams from Financial Markets and Community Investment Team.
- ▶ 1 engagement team from International Affairs and Trade Team.
- ▶ All work is in preliminary stages.

# Connect with GAO



[www.gao.gov](http://www.gao.gov)



facebook.com/usgao



@USGAO



blog.gao.gov



gillicht@gao.gov