
**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency
State Liaison Committee**

FFIEC Interagency Statement

**April 2020 Updates to the Bank Secrecy Act/Anti-Money Laundering
Examination Manual**

April 15, 2020

The members of the Federal Financial Institutions Examination Council (FFIEC) today released several updated sections and related examination procedures to the *Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Examination Manual* (Manual) that provide instructions to examiners when assessing the adequacy of a bank's BSA/AML compliance program. The release of the updated sections provides further transparency into the BSA/AML examination process and does not establish new requirements.

The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and State Liaison Committee (Agencies) revised the sections in close collaboration with Treasury's Financial Crimes Enforcement Network.

Many of the revisions are designed to emphasize and enhance the Agencies' risk-focused approach to BSA/AML supervision. For example, revisions to the updated sections emphasize the need for examiners to evaluate a bank's BSA/AML compliance program based on its risk profile for money laundering, terrorist financing, and other illicit financial activities.

The Agencies made revisions throughout the updated sections to ensure language clearly distinguishes between mandatory regulatory requirements and supervisory expectations set forth in guidance. The revisions also incorporate regulatory changes since the last update of the Manual in 2014. Significant revisions include:

Risk-Focused BSA/AML Supervision – The Manual provides instructions to examiners for tailoring BSA/AML examinations to a bank's risk profile, including examination and testing procedures, and conducting risk-focused testing or analytical reviews.

Assessing the BSA/AML Compliance Program – The Manual provides instructions to examiners for assessing the adequacy of a bank's BSA/AML compliance program and constitutes a minimum set of procedures for full scope BSA/AML examinations. It

separates internal controls, independent testing, BSA compliance officer, and training into individual sections.

BSA/AML Risk Assessment – The Manual provides instructions to examiners for assessing the adequacy of a bank’s BSA/AML risk assessment processes, including: (i) the identification of specific risk categories (e.g., products, services, customers, and geographic locations) unique to the bank, and (ii) an analysis of the information identified to better assess risk within these categories.

The Manual also provides instructions to examiners that there is no particular method or format a bank must use for the risk assessment and that risk categories can vary based on a bank’s size, complexity, or organizational structure. The Manual also instructs examiners that there is no requirement for risk assessment updates on a continuous or specified periodic basis, but these updates may occur as necessary to align the risk assessment with a significant change in a bank’s risk profile.

Developing Conclusions and Finalizing the Exam – The Manual reminds examiners that banks have flexibility in the design of their BSA/AML compliance programs, and minor weaknesses, deficiencies, and technical violations alone are not indicative of an inadequate program.

New and revised sections of the Manual are identified by a 2020 date in the table of contents and on the FFIEC BSA/AML InfoBase. The Agencies continue to review and revise the remaining sections of the 2014 edition of the Manual. Updates to the remaining Manual sections will be released in phases.

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