



AML Tips

regulatory AML

Summary: AML regulations can be tough to meet particularly when clever criminals are trying to work around your defenses. We provide a few key pointers.

There are 10k baby boomers turning 65Ys old every day. For those who retire in that group, Fidelity Investments estimates each person will spend about \$142k on healthcare through the rest of their lives. Some days you can feel much older than other days, so no matter your age we thought we would share.

Bankers have to deal with all sorts of things during the day and one of the biggest is around anti-money laundering (AML) rules and regulations. These can be tough to meet for any community bank, particularly when clever criminals are trying to work around your defenses. But failure to have strong enough defenses can lead to problems with regulators.

For example, take the area of Customer Due Diligence (CDD). The two biggest challenges for compliance recently identified by financial institutions as part of an Aite Group survey revolve around the difficulty of collecting and monitoring data on customers. The survey of financial institutions and vendors found that 29% said the biggest hurdle in CDD compliance was simply collecting accurate information, while another 25% said it was validating that information.

As you know already, community banks are inherently close to their community. The local nature of business in that community gives you an edge and an advantage in properly identifying customers. Your customers are often long-time members of the community and thus tend to be easier to properly identify. Yet, in today's world of interconnected payment systems and increased risks of cybercriminal activity, it is challenging even for community banks to remain compliant.

How big of a problem is this? The UN Office on Drugs and Crime has estimated that as much as \$2T is laundered annually, or about 5% of the global gross domestic product.

In dealing with the ongoing issue of AML, some advice offered by a top Fed attorney is pretty straightforward:

Build good habits. Make sure that your procedures are robust and embraced throughout your bank. The more your staff and executive team flex their compliance muscles, the stronger they will be the next time they're needed.

Be diligent about due diligence. If red flags surface, make sure your staff asks the right questions, regardless of whether or not they know the customer. Customers can change and those changes need to be verified.

Communicate strategy throughout the bank. Of course, we know that this is done within all banks. Yet, some employees retire, new ones are hired and others just change jobs. Make sure job responsibilities are reviewed, refreshed and communicated regularly to set the "tone from the top."

For additional information on AML and the specific areas of focus by regulators, feel free to read our BID, [BSA/AML Areas of Focus](#).

CECL SOLUTION - WITH YOU, EVERY STEP OF THE WAY

CECL is one of the biggest challenges for community bankers these days. Our experts are ready to guide you every step of the way through this integration with no software to maintain. Learn more about our [CECL Solution](#).

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