



*Rising to the Challenge — Staying Ahead of the AML Curve*

## **REGULATORY TOWN HALL**

Moderator: Elaine Yancey, Managing Examiner, Richmond Fed

Panelist: Judy Graham, Program Officer, National Credit Union Administration

Panelist: Djuana McDaniel-Schmitz, Senior Program Analyst, FDIC

Panelist: Jennifer White, Supervisory Financial Analyst, Board of Governors of the Federal Reserve System



*Rising to the Challenge — Staying Ahead of the AML Curve*

*The views and opinions expressed here are those of the speaker. They do not represent an official position of the Federal Reserve Bank of Richmond or the Federal Reserve System.*



*Rising to the Challenge — Staying Ahead of the AML Curve*

## **TODAY'S TOPICS:**

- Customer Due Diligence
- Customer Due Diligence – Beneficial Ownership
- De-risking – MSBs and Foreign Correspondents
- Prepaid Card Rules
- Panama Papers
- OFAC Sanctions
- Highest-risk issues for your Agency



*Rising to the Challenge — Staying Ahead of the AML Curve*

# **PREPAID CARD RULES**



*Rising to the Challenge — Staying Ahead of the AML Curve*

## **INTERAGENCY GUIDANCE ON APPLYING CUSTOMER IDENTIFICATION PROGRAM (“CIP”) REQUIREMENTS TO HOLDERS OF PREPAID CARDS**

- On March 21, 2016, guidance for CIP for Prepaid cards was issued to clarify CIP requirements for banks
- The guidance does not introduce new requirements or expectations



*Rising to the Challenge — Staying Ahead of the AML Curve*

## **Prepaid Card Risks and Characteristics:**

- Varied risk profiles and card characteristics
- May pose risk, i.e. cards lacking dollar limits or reloading restrictions; and geographic locations
- Bank's role in the relationship (such as issuer, intermediary, marketer, or distributor)



*Rising to the Challenge — Staying Ahead of the AML Curve*

## **Is CIP Required?**

- Determine if issuing the prepaid card creates an “account”
  - An “account” is created if the “customer” can reload funds or has access to credit or overdraft features
  - The “customer” could be the cardholder or the card provider (e.g. employer)
- The bank should enter into well-constructed contracts with third-party program managers if oversight of the prepaid card program is outsourced



*Rising to the Challenge — Staying Ahead of the AML Curve*

**QUESTIONS?**