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
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.
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
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.
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)
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
QUESTIONS?