



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-5-2015
January 28, 2015

Statement on Providing Banking Services

Summary: The FDIC is issuing this statement to encourage institutions to take a risk-based approach in assessing individual customer relationships rather than declining to provide banking services to entire categories of customers.

Statement of Applicability to Institutions with Total Assets Under \$1 Billion: This Financial Institution Letter applies to all FDIC-supervised institutions.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer
Chief Financial Officer
Chief Operating Officer
Chief Risk Officer
BSA Compliance Officer

Related Topics:

Risk Management
Customer Due Diligence

Contact:

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Note:

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at <https://www.fdic.gov/news/news/financial/2015/>.

To receive FILs electronically, please visit <http://www.fdic.gov/about/subscriptions/fil.html>.

Paper copies may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

Highlights:

- The FDIC encourages insured depository institutions to serve their communities and recognizes the importance of services they provide.
- The FDIC encourages institutions to take a risk-based approach in assessing individual customer relationships rather than declining to provide banking services to entire categories of customers without regard to the risks presented by an individual customer or the bank's ability to manage the risk.
- Individual customers within broader customer categories present varying degrees of risk.
- Institutions are expected to assess the risks posed by an individual customer on a case-by-case basis and to implement controls to manage the relationship commensurate with the risks associated with each customer.

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The FDIC encourages insured depository institutions to serve their communities and recognizes the importance of the services they provide. Individual customers within broader customer categories present varying degrees of risk. Accordingly, the FDIC encourages institutions to take a risk-based approach in assessing individual customer relationships rather than declining to provide banking services to entire categories of customers, without regard to the risks presented by an individual customer or the financial institution's ability to manage the risk. Financial institutions that can properly manage customer relationships and effectively mitigate risks are neither prohibited nor discouraged from providing services to any category of customer accounts or individual customer operating in compliance with applicable state and federal law.

The FDIC is aware that some institutions may be hesitant to provide certain types of banking services due to concerns that they will be unable to comply with the associated requirements of the Bank Secrecy Act (BSA). The FDIC and the other federal banking agencies recognize that as a practical matter, it is not possible for a financial institution to detect and report all potentially illicit transactions that flow through an institution.¹ Isolated or technical violations, which are limited instances of noncompliance with the BSA that occur within an otherwise adequate system of policies, procedures, and processes, generally do not prompt serious regulatory concern or reflect negatively on management's supervision or commitment to BSA compliance. When an institution follows existing guidance and establishes and maintains an appropriate risk-based program, the institution will be well-positioned to appropriately manage customer accounts, while generally detecting and deterring illicit financial transactions.

Any FDIC-supervised institution concerned that FDIC personnel are not following the policies laid out in this statement may contact the FDIC's Office of the Ombudsman (OO) at the following dedicated toll-free number, 1-800-756-8854, or dedicated email address, bankingservicesOO@fdic.gov. Communications with the OO are confidential. The FDIC also has an independent Office of Inspector General (OIG) that is charged with addressing allegations of waste, fraud, and abuse related to the programs and operations of the FDIC. Individuals or institutions may contact the FDIC OIG through its Web site at www.fdicigoig.gov by using the "Hotline" button, by phone at 1-800-864-3342, or by email at ig hotline@fdic.gov.

Doreen R. Eberley
Director
Division of Risk Management Supervision

¹ See page 67 of the Federal Financial Institution Examination Council, Bank Secrecy Act/Anti-Money Laundering Examination Manual, available at https://www.ffiec.gov/bsa_aml_infobase/documents/BSA_AML_Man_2010.pdf.