

Bank Secrecy Act for Operations Staff



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Introduction

Welcome to CUNA's *Bank Secrecy Act for Operations Staff* Training on Demand course!

Compliance with the Bank Secrecy Act, otherwise known as the BSA, is a critical task for each and every credit union in the United States, so all credit union employees must be familiar with BSA requirements. To that end, this course provides an overview of the Bank Secrecy Act, including specific actions that you, as a member of your credit union's operations staff, must take to be BSA compliant.

Of course, you also need to be sure that you know the BSA policy and procedures at your credit union. This is key to being in compliance with the requirements of the Bank Secrecy Act.

Let's get started!

Objectives

The Bank Secrecy Act applies to all credit unions, and it requires that employees in these institutions carry out certain tasks. But what exactly does the BSA entail, and how does it affect operations staff in particular? By the end of this Training on Demand course, you'll know the answers to these questions. In fact, upon completing the course, you will be able to:

- Explain the Bank Secrecy Act (BSA);
- Know *when* to file Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs);
- Explain the requirements for wire transfer payment orders and monetary instrument purchases;
- Understand *how* to apply Customer/Member Identification Programs; and
- Explain the purpose of 314(a) and 314(b) information sharing.



What Is the Bank Secrecy Act?

Not surprisingly, the first step to BSA compliance is understanding just what the Bank Secrecy Act involves and why it was enacted in the first place. In its current form, the BSA is more than just a single act of Congress; rather, it is a combination of multiple laws that have been passed during the last four decades. These laws were enacted to assist law enforcement officials in the investigation of activities and crimes such as money laundering, tax evasion, and financing of terrorist groups. Collectively, these acts and their related regulations require that financial institutions obtain specific information, maintain certain records, and report certain financial transactions to the federal government.

Today, BSA enforcement is the responsibility of an agency called the Financial Crimes Enforcement Network, or FinCEN. FinCEN is a bureau of the United States Department of the Treasury.

Laws That Comprise the Bank Secrecy Act

As described earlier, the Bank Secrecy Act is not a single law, but rather a combination of multiple laws that have been enacted at the federal level. Some of the most important of these laws include the following:

- The Bank Secrecy Act of 1970;
- The Anti-Drug Abuse Act of 1986;
- The Money Laundering Control Act of 1986; and
- The USA PATRIOT Act of 2001.

Although each of these laws deals with a different topic, each also has the same basic purpose: to create a paper trail for currency transactions. Let's take a look at each of these laws in greater detail.



Bank Secrecy Act of 1970

The Bank Secrecy Act of 1970 is the foundation upon which the current version of the BSA was built. So, what did this act entail? In short, the primary purpose of this law was to prevent financial institutions—including credit unions—from being used as intermediaries in currency transactions that might be linked to money laundering, tax evasion, and other criminal activities. To accomplish this goal, the Bank Secrecy Act of 1970 standardized recordkeeping and reporting requirements for all financial institutions in the United States. Many of these requirements will be discussed in greater detail later in this book.

Anti-Drug Abuse Act of 1986

A second major law that helped shape today's BSA was the Anti-Drug Abuse Act of 1986. This law was passed during a period of rising concern about the many negative effects of illicit drugs on American society. Therefore, the act sought to strengthen the U.S. government's "War on Drugs" efforts by:

- Helping law enforcement thwart illicit drug crops;
- Stopping international drug trafficking;
- Improving the enforcement of existing anti-drug laws; and
- Establishing more effective drug abuse and prevention programs.

Most notably for the purposes of this course, the Anti-Drug Abuse Act of 1986 also set the stage for the first piece of legislation to outlaw money laundering: the Money Laundering Control Act of 1986.