

Financial Crimes Enforcement Network (FinCEN)

How much effort is needed to meet FinCEN rules on 'beneficial ownership'?

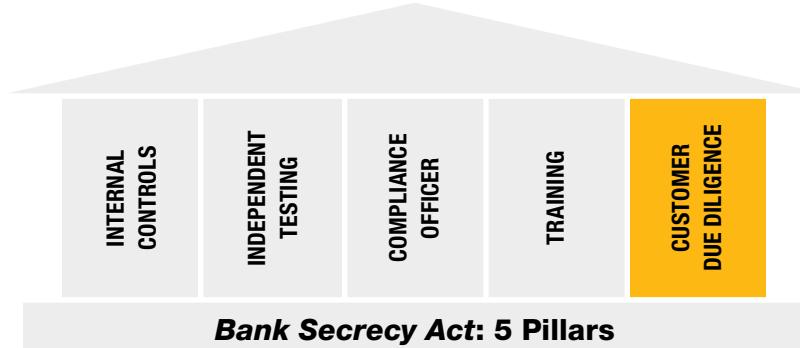
The answer varies by institution. To avoid penalties and negative publicity, take action to identify compliance gaps and strengthen integrity.

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Tightening rules to deter money laundering, the Financial Crimes Enforcement Network (FinCEN) will begin expecting identification and verification of beneficial owners at account opening effective May 11, 2018.

In the wake of the Panama Papers, the new rule codifies customer due diligence as the fifth pillar of the *Bank Secrecy Act* seeking to address cases of ownership of opaque and complex business entities, such as shell companies, and enhance financial crime risk management efforts.

Risk and compliance leaders at banks and financial services institutions are realizing the need to assess systems and processes to comply with the higher standards for determining "beneficial ownership." The data required upon account opening includes: name or names of beneficial owners, dates of birth, addresses, as well as Social Security numbers, employee identification numbers, or, if relevant, foreign identification numbers.



Bank Secrecy Act: 5 Pillars

Learn more

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¹ "Most Engaged Customers" Business to Business Survey, Accounting and Tax, PeopleMetrics Inc. 2013

² Crowe governance, risk, and compliance management solutions are endorsed by the American Bankers Association (ABA) through its subsidiary, the Corporation for American Banking. The ABA endorsement of these solutions indicates they deliver high quality, meet performance standards, and offer the potential to improve your bank's profitability and performance.

Begin with a readiness assessment

To avoid investing too much or too little time to comply, the recommended first step is to conduct a rule readiness assessment. An objective third-party experienced in evaluating and managing risks, such as Crowe, can help detect areas of deficiency and outline a roadmap for compliance.

Depending on findings delivered at the conclusion of the assessment, some or all of the following steps may be warranted:

- **Revised policies and procedures** to clearly explain expectations for greater transparency
- **Employee training** so personnel fully understand the need for FinCEN compliance
- **Model validation and system testing** to assure a comprehensive approach to rating customer risk and due diligence
- **Data completeness testing** to incorporate new fields and data sources into anti-money laundering (AML) systems
- **Management reporting and analytics** that tap information to analyze and report to senior leadership

Deep experience in AML

The Crowe approach to addressing compliance with the Beneficial Ownership ruling illustrates how we continue to help banks and financial services companies address rigorous AML requirements. Crowe services and solutions combine in-depth industry knowledge, a broad range of risk competencies, and technology specialists who help make compliance comprehensive and efficient.

Our highly configurable services can be focused as broadly or sharply as necessary to address the specific requirements facing each organization.

Go with a winner

Crowe International won the Advisory Firm of the Year award in 2015 from *International Accounting Bulletin*. In the same year, Crowe achieved a 90 percent score for client engagement, which was 35 points above the industry average, according to PeopleMetrics.¹ In addition, Crowe solutions for governance, risk, and compliance management are endorsed by the American Bankers Association through its subsidiary, the Corporation for American Banking.²



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