



**BOARD OF GOVERNORS**  
OF THE  
**FEDERAL RESERVE SYSTEM**  
WASHINGTON, D.C. 20551

DIVISION OF SUPERVISION  
AND REGULATION

**SR 20-11**

**April 15, 2020**

**TO THE OFFICER IN CHARGE OF SUPERVISION AND APPROPRIATE  
SUPERVISORY AND EXAMINATION STAFF AT EACH FEDERAL RESERVE BANK  
AND BANKING ORGANIZATIONS SUPERVISED BY THE FEDERAL RESERVE**

**Applicability:** This letter is relevant to banking organizations supervised by the Federal Reserve that are subject to the Bank Secrecy Act.

**SUBJECT: Release of Updated Sections of the Federal Financial Institutions Examination Council's Bank Secrecy Act/Anti-Money Laundering Examination Manual**

Members of the Federal Financial Institutions Examination Council (FFIEC)<sup>1</sup> released several updated sections and related examination procedures to the *Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Examination Manual* (Manual). The Manual provides instructions to examiners when assessing the adequacy of a bank's BSA/AML compliance program. These updated sections provide further transparency into the BSA/AML examination process and do not establish new requirements. The FFIEC revised the sections in close collaboration with Treasury's Financial Crimes Enforcement Network.

Many of the revisions to the Manual are designed to emphasize and enhance the agencies' risk-focused approach to BSA/AML supervision. In the Manual, the agencies emphasize the need for examiners to evaluate a bank's BSA/AML compliance program based on its risk profile for money laundering, terrorist financing, and other illicit financial activities. It also provides instructions to examiners for tailoring BSA/AML examinations to a bank's risk profile, including examination and testing procedures, and conducting risk-focused testing or analytical reviews. Further, the Manual reminds examiners that banks have flexibility in the design of their BSA/AML compliance programs, and minor weaknesses, deficiencies, and technical violations alone are not indicative of an inadequate program.

The agencies also made revisions to ensure language clearly distinguishes between mandatory regulatory requirements and considerations set forth in guidance or supervisory expectations. Further, the revisions incorporate regulatory and other changes since the last

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<sup>1</sup> Five of the six FFIEC member agencies develop and release the BSA/AML Examination Manual: the Federal Reserve Board, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and State Liaison Committee (agencies). The Consumer Financial Protection Bureau is also a voting member of the FFIEC.

update of the Manual in 2014. Please refer to the attached FFIEC Interagency Statement for additional details.

New and revised sections of the Manual are identified by a 2020 date in the table of contents and on the FFIEC BSA/AML InfoBase.<sup>2</sup> The agencies continue to review and revise the remaining sections of the 2014 edition of the Manual. Updates to the remaining Manual sections will be released in phases.

Reserve Banks are asked to distribute this SR letter to the domestic and foreign banking organizations supervised by the Federal Reserve in their districts, as well as to supervisory and examination staff. With the release of these sections, Federal Reserve examiners should use the examination procedures set forth in the Manual for future BSA/AML examinations. Questions concerning the FFIEC *BSA/AML Examination Manual* should be addressed to Jennifer White, Lead Financial Institutions and Policy Analyst, at (202) 452-3964, or Koko Ives, Manager, BSA/AML Compliance Section, at (202) 973-6163. In addition, questions may be sent via the Board's public website.<sup>3</sup>

Michael S. Gibson  
Director

Attachments:

- FFIEC Press Release, [Federal and State Financial Regulators Release Updates to BSA/AML Examination Manual](#)
- FFIEC Interagency Statement, April 2020, [Updates to the Bank Secrecy Act/Anti-Money Laundering Examination Manual](#)
- FFIEC [BSA/AML Examination Manual](#), April 2020 Update

Supersedes:

- SR letter 14-10, "Release of the 2014 Federal Financial Institutions Examination Council's Bank Secrecy Act/Anti-Money Laundering Examination Manual"

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<sup>2</sup> See <https://bsaaml.ffiec.gov/>.

<sup>3</sup> See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.