

FEDERAL RESERVE BANK OF SAN FRANCISCO  
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA

May 10, 2005

**BANKING SUPERVISION AND REGULATION:  
MONEY SERVICES BUSINESSES**

To State Member Banks, Bank  
Holding Companies, U.S. Branches  
and Agencies of Foreign Banks,  
and Others Concerned,  
in the Twelfth Federal Reserve District

**Banking Services to Money Services Businesses (SR 05-8)**

The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Office of Thrift Supervision, and National Credit Union Administration, along with the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), have issued the attached interagency interpretive guidance for banking organizations to clarify the requirements of the Bank Secrecy Act (BSA) and anti-money laundering regulations in relation to the provision of banking services to money services businesses (MSBs) operating in the United States. The interagency guidance is a follow up to the joint statement issued on March 30, 2005, and will be incorporated into the interagency BSA/AML examination procedures that are scheduled for release on June 30, 2005. In addition to the issuance of the interagency interpretive guidance, FinCEN has issued related guidance to the MSB industry on BSA compliance.

The interagency guidance seeks to clarify existing requirements rather than to create new requirements or impose additional burdens on banking organizations. Given that MSBs vary widely in their operations and the levels of risks presented, the guidance addresses the need for banking organizations to assess risks associated with their different MSB accounts, and provides examples of potential indicators of low and high risk MSB accounts. The guidance outlines regulators' expectations for minimum due diligence on all MSB accounts and describes enhanced due diligence that may be appropriate for accounts identified as higher risk. The guidance also addresses the issues of filing Suspicious Activity Reports and account closure.

The guidance encourages banking organizations to direct questions about BSA obligations and the provision of banking services to MSBs to FinCEN or their primary federal regulators; thus, it is expected that you may receive inquiries from banking organizations in your district. To ensure that the System provides consistent information on this subject, responses should be coordinated through Bridget M. Neill, Manager, Anti-Money Laundering Policy and Compliance Section, Division of Banking Supervision and Regulation, at the Board.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the guidance, please contact our Banking Supervision and Regulation Department at (213) 683-2707.

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Attachment: *Interagency Interpretive Guidance on Providing Banking Services to Money Services Business Operating in the United States*