

Pass the Aspirin: Saving money on AML compliance

Missouri banker offers an alternative to expensive software for OFAC scrubs

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Compliance with Bank Secrecy Act/Anti-Money Laundering laws and regulations drives bankers nuts, and can be pricey. When we posted a "Pass the Aspirin" request a few weeks ago regarding cost cutting, Paul Orton sent us the following note. Orton is branch manager in the Cleveland, Mo., branch of \$41.3 million-assets Citizens Bank, Amsterdam, Mo.

"Here is a cheap bit of aspirin we use at our bank. Instead of paying for an expensive software solution to conduct OFAC/BSA compliance customer database "scrubs" to ensure our new and existing customers do not appear on any of the OFAC lists, we developed an in-house solution. We download our customer list into a Microsoft Access database and use the U.S. Treasury text files that contain the OFAC information and run an Access query to compare our customers' names to the names from the Treasury lists. We typically conduct this "OFAC scrub" quarterly, but this process can be done as often as we need to."

This sounds pretty smart. But given the potential risks of going wrong in the BSA/AML area, we asked ABA experts to review the idea. Generally they think it's fine. Here's some additional detail:

"Generally, the approach that the bank has outlined should work. (Presumably, they've double-checked their process to confirm it's working.) However, this approach could become somewhat cumbersome since using Access requires data entry for each customer. That will work for a small institution with minimal account turnover, but as a bank increases in size or has a significant change in its customer base, the process will become unwieldy. For those banks, purchasing software might prove more economical in the long-run.

"A second concern is that the scrub the bank outlines is likely to result in a number of false positives. BSA examiners will want to see documentation of how the bank resolved the false positives—i.e., a note next to the potential match that says, "Customer DOB is _____ (or Social Security number is _____); not a match with SDN list information." The note should be dated and show the initials of the bank employee who investigated the false positives.

Email your own cost-cutting idea to Pass the Aspirin

Or, ask for Aspirin: Send us your headaches

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