

GAO Highlights

Highlights of [GAO-19-582](#), a report to the Ranking Member, Subcommittee on Consumer Protection and Financial Institutions, Committee on Financial Services, House of Representatives.

Why GAO Did This Study

Illicit finance activity, such as terrorist financing and money laundering, can pose threats to national security and the integrity of the U.S. financial system. FinCEN is responsible for administering BSA and has delegated examination responsibility to supervisory agencies. FinCEN also is to collect and disseminate BSA data. BSA requires that financial institutions submit reports, which may be used to assist law enforcement investigations. Industry perspectives on BSA reporting have included questions about its usefulness.

This report examines, among other objectives, how FinCEN and supervisory and law enforcement agencies (1) collaborate and (2) provide metrics and feedback on the usefulness of BSA reporting. GAO reviewed related laws and regulations; agency documentation; examination and enforcement action data; and interviewed FinCEN, supervisory agencies, and a nongeneralizable selection of six law enforcement agencies and seven industry associations.

What GAO Recommends

GAO makes four recommendations, including that FinCEN review options to consistently communicate summary data and regularly provide institution-specific feedback on its BSA reporting. FinCEN concurred with the recommendation on summary data and agreed with the spirit of the recommendation on feedback. FinCEN raised concerns with the need for the two other recommendations. GAO continues to believe the recommendations have merit, as discussed in the report.

View [GAO-19-582](#). For more information, contact Michael E. Clements at (202) 512-8678 or clements@ga.gov.

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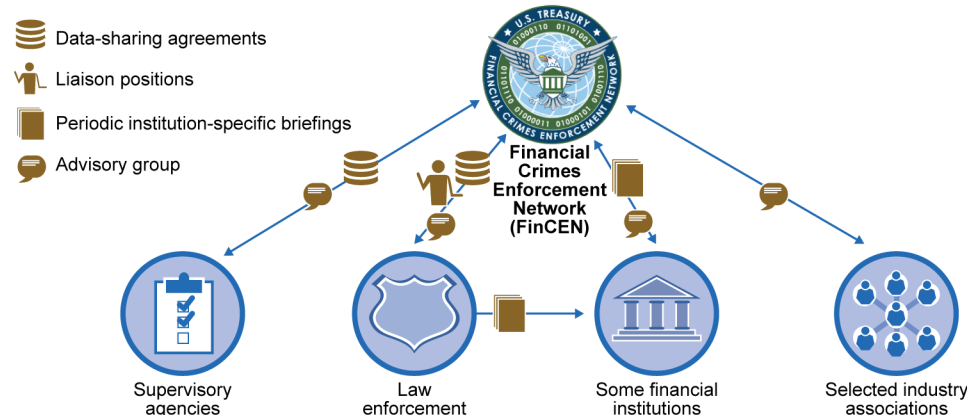
BANK SECRECY ACT

Agencies and Financial Institutions Share Information but Metrics and Feedback Not Regularly Provided

What GAO Found

The Financial Crimes Enforcement Network (FinCEN)—within the Department of Treasury—supervisory agencies (such as banking, securities, and futures regulators), and law enforcement agencies collaborate on implementing Bank Secrecy Act/anti-money laundering (BSA/AML) regulations, primarily through cross-agency working groups, data-sharing agreements, and liaison positions.

Key Bank Secrecy Act/Anti-Money Laundering Collaboration Mechanisms



Source: GAO analysis of agency documentation and interviews. | GAO-19-582

FinCEN and law enforcement agencies provided some metrics and institution-specific feedback on the usefulness of BSA reporting (such as suspicious activity reports) to the financial industry but not regularly or broadly.

- FinCEN and some agencies have metrics on the usefulness of BSA reports. One law enforcement agency annually publishes aggregate metrics on BSA reports that led to investigations and indictments. But FinCEN did not consistently communicate available metrics; it generally did so on an ad-hoc basis such as through published speeches. In 2019, FinCEN began a study to identify measures on the value and usefulness of BSA reporting—to be completed by the end of 2019. By consistently communicating currently available metrics (summary data), and any later identified by the study, FinCEN may assist financial institutions in more fully understanding the importance of their efforts.
- Industry associations GAO interviewed noted financial institutions would like to receive more institution-specific feedback on the usefulness of their BSA reporting; they also identified suspicious activity reports as labor-intensive. In 2017, FinCEN began providing such feedback and some law enforcement agencies have ongoing efforts to provide institution-specific briefings. But these efforts have not been regularly made and involved relatively few institutions. Additional and more regular feedback, designed to cover different types of financial institutions and those with significant financial activity, may enhance the ability of the U.S. financial industry to effectively target efforts to identify suspicious activity and provide quality BSA reporting.