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For over 40 years, **Sheshunoff Consulting + Solutions** has been committed to helping financial institutions manage risk and drive financial improvement. We deliver on this commitment by offering an integrated suite of Risk Management services, Training and Investment Banking Services.

We are excited to launch our **new website** with a redesigned format, allowing for streamlined menus, responsiveness for all platforms, and simplified and clearer navigation.

We hope you enjoy it! You may access our website [here](http://www.smslp.com).

Joint Statement – BSA/AML Supervision

On July 22nd, the Federal Reserve, FDIC, FinCEN, NCUA, and OCC issued a “**Joint Statement on Risk-Focused Bank Secrecy Act/Anti-Money Laundering Supervision.**”

This issuance was designed to emphasize their risk-focused approach to BSA/AML examinations. Also, it is provided to augment their greater efforts to reinforce their effectiveness and to also improve the transparency of their risk-focused approach to examinations. Of note, they clarified that this issuance does not establish any new requirements.

The two main focal points of this issuance addressed:

- **BSA/AML Compliance Programs and Risk Profile and**
- **Risk-Focused Examinations.**

Online Compliance Consulting Update!

The Online Compliance Consulting Dashboard has been enhanced!

- UPDATED Compliance Alert – Payday Lending Rule
- UPDATED Compliance Calendar
- UPDATED Resources in Flood Hub, BSA Vault, and HMDA Sections
- NEW Compliance Webinar – 2Q Be Prepared Recording – Emerging Issues in BSA/AML
- Knowledge Base Update – 2Q Be Prepared Slide Deck
- June 2019 News

To access this information and all other compliance features, go to: <http://compliance.smslp.com/>

With regard to **programs and risk profiles**, the Agencies addressed the establishment of programs, which are to be risk-based. When done effectively, this allows banks to allocate their resources. Banks are reminded that risk assessment is a “critical part of sound risk management” and that the levels and types of risks that you assume are determined by you. In connection with these statements, the Agencies restated that “banks are encouraged to manage customer relationships and mitigate risks based on customer relationships rather than declining to provide banking services to entire categories of customers.” *

With regard to **risk-focused examinations**, the Agencies clarified that in approaching tailored examinations, they commonly refer to the following related to a bank’s risk:

- Leveraging available information, i.e. the bank’s risk assessment, independent testing or audits, and information from prior exams;
- Contacting banks, between exams or when finalizing the scope of an exam; and
- Considering a bank’s ability to identify, measure, monitor, and control risk.

* In connection with this statement and the overall issuance, we spoke with our own **Director of BSA/AML Services, Matthew Hovis**, for his opinion and insight, as follows:

The statement, although brief, hits upon some of the FFIEC’s key themes from the past few years: transparency, efficiency, discouraging de-risking, and encouraging innovation. In the context of other public statements from the past few years, the continued emphasis on these key objectives shows that regulators are focused on making sure banks truly understand their risks and mitigate them effectively, as opposed to prescribing a uniform set of controls based on the FFIEC BSA/AML Examination Manual alone – which some could argue were being interpreted as “rules” instead of guidance.

Interested persons may access the joint statement [here](#).

What’s Happening in Fair Lending

Earlier this month, the **Bureau of Consumer Financial Protection** issued their **Fair Lending Report**. This is the Bureau’s seventh report on its kind and highlights their various activities for 2018. As Director Kraninger states, the report describes the Bureau’s actions to “expand fair, equitable, and nondiscriminatory access to credit and to ensure that consumers are protected from discrimination.”

As Congress has granted certain resources to the Director, they have been focused on the prevention of consumer harm, which includes protection from unfair, deceptive, and abusive acts and practices, as well as discrimination.

The overall report addresses various facets of their activities, including the following:

- The Bureau identified **new focus areas** for their fair lending examinations or investigations: **student loan origination and debt collection and model use**. Debt collection and model use is focused on practices governing auto servicing and credit card collection, as well as the use of models that predict recovery outcomes.

Upcoming Calendar Reminders

- **7/30** – HMDA LAR Quarterly Update
- **8/19** – Payday Lending Rule Effective (excluding underwriting provisions)
- **9/3** – Reg. CC and Reg. DD Rule, Part 1 Effective
- **9/26** – Be Prepared! Quarterly Compliance Update
- **9/30** – Sunset of NFIP (if Congress does not reauthorize)



Mark your calendar for our next **Be Prepared!** Compliance Update webinar. It is scheduled for **September 26, 2019**.

When available, details may be found on BankersWeb, [here](#).

- Fair Lending supervision work will also continue to focus on: **mortgage origination, mortgage servicing, and small business lending**. Mortgage related activities will focus on redlining, underwriting and pricing, as well as **steering**.
- Fair Lending enforcement was recapped. While, in 2018, the Bureau worked on a number of fair lending investigations, the report noted that they did not bring any fair lending enforcement actions. However, the report describes various settlements that occurred during the year, which involved **redlining, discrimination in auto lending, and overcharging customers on their mortgage loans**.

Interested persons may find the Bureau's Fair Lending Report [here](#).

BSA/AML – 2019 Annual Compliance Webinar

We hope you didn't miss **Sheshunoff's Annual BSA/AML Compliance Webinar** that took place at the end of June. However, if you're a client of Online Compliance Consulting you're in luck! A recording of our presentation can be found in the Compliance Webinars folder on the Dashboard.

To access it, just use your log in credentials to sign in [here](#).

Reg. CC / Availability of Funds Amendments

Earlier this month, the **Federal Reserve and the Bureau** published a new final rule implementing amendments to **Reg. CC**. In connection with this rule, certain adjustments will be made to the Bureau's **Reg. DD**, which implements the Truth in Savings Act.

The amendments to **Reg. CC** are being made to implement:

- inflationary adjustments to certain dollar amounts under the Expedited Funds Availability Act, and
- extensions of coverage to American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam.

The adjustments to **Reg. DD and its Appendix A** are described as technical, non-substantive amendments.

While the rule reflects a **September 3, 2019**, effective date, the substantive changes related to adjustments to certain dollar amounts for inflation will not be effective until **July 1, 2020**.

As this rule was recently published, we are still reviewing it and will have additional details available in the near future. Interested persons may find the final rule [here](#).

Convenient and Affordable Compliance Assistance

Do you need help preparing for the upcoming regulatory requirements? SC+S can help with our Online Compliance Consulting services, which combines the ease of online tools with the guidance of a compliance expert.

You will have access to an online compliance expert who will:

- Answer all of your compliance questions;

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- Review your new policies and disclosures for compliance; and
- Train your Board of Directors on upcoming regulatory requirements.

You will also receive access to our online tools, including:

- Our Compliance Calendar;
- Our Dashboard Feature and Progress List, that enables you to determine what steps you will need to take to comply with the requirements and track your progress as you implement them;
- Our exclusive Knowledge Base of compliance Q&As; and
- FREE access to our quarterly Be Prepared! webinar series.

For more information or a free demo, contact Rhonda Coggins at 512-703-1509.

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