Examination Procedures

Cash-Intensive Businesses

Objective. *Assess the adequacy of the bank’s systems to manage the risks associated with cash-intensive businesses and entities, and management’s ability to implement effective due diligence, monitoring, and reporting systems.*

| **Procedure** | **Comments** |
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| 1. Review the policies, procedures, and processes related to cash-intensive businesses. Evaluate the adequacy of policies, procedures, and processes given the bank’s cash-intensive business activities in relation to the bank’s cash-intensive business customers and the risks that they represent. Assess whether the controls are adequate to reasonably protect the bank from money laundering and terrorist financing. |  |
| 1. From a review of MIS and internal risk rating factors, determine whether the bank effectively identifies and monitors cash-intensive businesses and entities. |  |
| 1. Determine whether the bank’s system for monitoring cash-intensive businesses for suspicious activities, and for reporting of suspicious activities, is adequate given the bank’s size, complexity, location, and types of customer relationships. |  |
| 1. If appropriate, for additional guidance refer to the core examination procedures, “Office of Foreign Assets Control”. |  |
| **Transaction Testing** | |
| 1. On the basis of the bank’s risk assessment of its cash-intensive business and entity relationships, as well as prior examination and audit reports, select a sample of cash-intensive businesses. As an alternative, identify branches in the bank’s highest-risk areas or branches that ship/receive the most cash and request the largest sources and users of cash at those locations. From the sample selected, perform the following examination procedures:  * Review account opening documentation including CIP information, if applicable, and a sample of transaction activity. * Determine whether actual account activity is consistent with anticipated account activity. * Look for trends in the nature, size, or scope of the transactions, paying particular attention to currency transactions. * Determine whether ongoing monitoring is sufficient to identify potentially suspicious activity. |  |
| 1. On the basis of examination procedures completed, including transaction testing, form a conclusion about the adequacy of policies, procedures, and processes associated with cash-intensive businesses and entities. |  |