saltmarsh

Banking High Risk Customers

Strategies for Risk-Based Monitoring and Compliance

saltmarsh

At Saltmarsh, we believe the way to ***achieve success is by contributing to the success of others***, which is why we thrive in genuine relationships. Our ***passion for people and excellence*** is more than a shared value; it's the foundation of our work.

What We Do

Advisory & Consulting | Audit & Assurance | Business Valuation | Client Accounting & Advisory | Employee Benefit Plan Administration | Wealth Management & Financial Planning | IT & Technology Services | Litigation & Dispute Advisory | Tax | Transaction Advisory / M&A | Trust & Estate Planning

Who We Serve

Construction & Real Estate Development | Financial Institutions | Government & Municipalities | Healthcare | High Net Worth Individuals | Hospitality | Manufacturing & Distribution | Nonprofit | Private Equity | Professional Services | Technology

accountingTODAY 2024 Best Firms to Work For

BEST of Accounting CLIENT SATISFACTION 2024

INSIDE public accounting TOP 200 FIRMS 2025

THE SALTMARSH WAY

saltmarshadvisors.com

Defining a high risk customer

“Not all customers pose the same risk, and not all customers of a particular type are automatically higher risk. ”
FFIEC manual

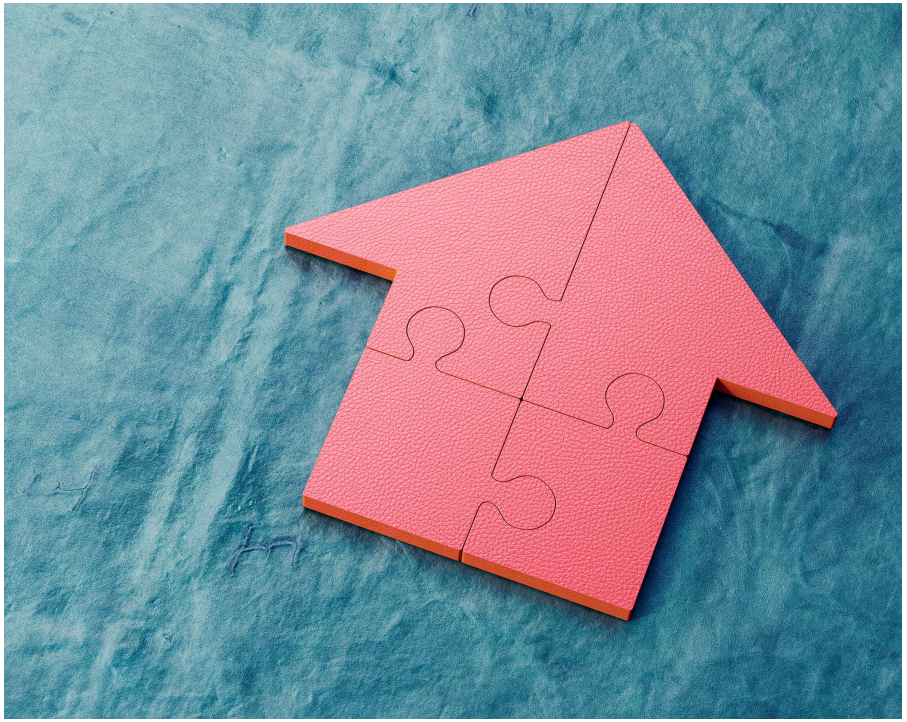
saltmarsh

Defining a high risk customer

- Industry type, transaction behavior, geography, ownership structure can all contribute to what might be considered a high-risk customer
- Could be different from bank-to-bank, customer-to-customer
- The Bank's risk assessment should define what is considered a high-risk customer

saltmarsh

Common high-risk customer types



- Money service businesses
- Marijuana (cannabis) related businesses
- Crypto-currencies
- Independent ATM owners or operators
- Non-resident aliens
- Politically exposed persons
- Fintechs
- Professional service providers
- Cash intensive businesses

saltmarsh

Strategic decisions for high risk customers

- Know beforehand when a new customer type will be onboarded
- Understand and train for the unique customer type
- Consider additional resources that may be needed to monitor (personnel or monitoring software)
- Evaluate the geographic location of the Bank and its customers.

saltmarsh

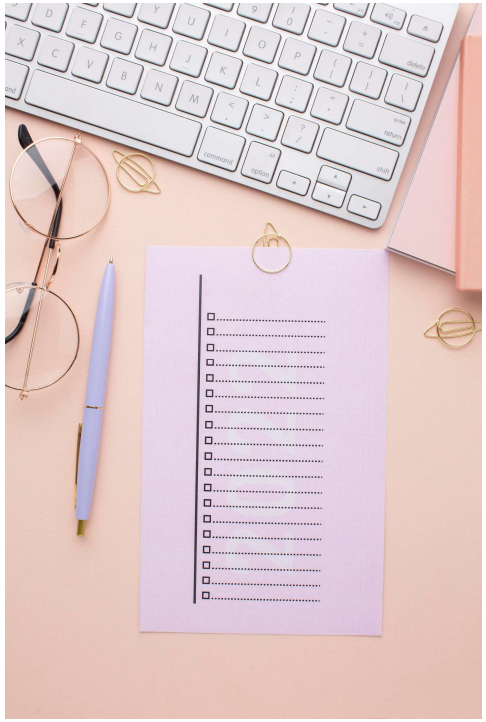
Onboarding Due Diligence

- Enhanced questionnaires
- Additional license requirements
- Request prior bank statements
- Negative news searches
- Understand complex business structures
- Site visits
- Interdepartmental collaboration

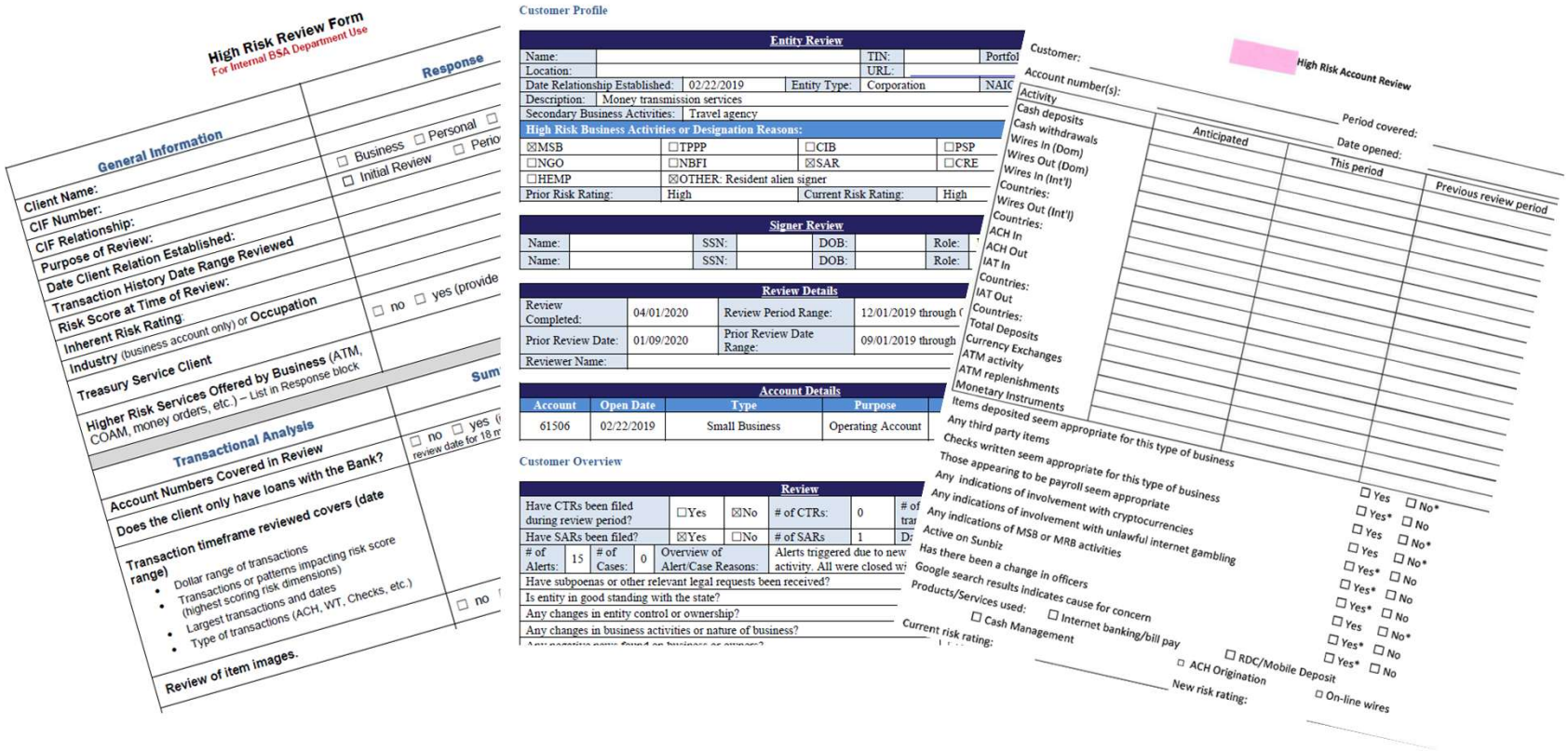
saltmarsh

Ongoing Due Diligence

- Determine frequency of review
- Define information that will be reviewed
- Evaluating appropriateness of risk rating
- Ensure audit trail is evident



saltmarsh



High Risk Review Form
For Internal BSA Department Use

	Response
General Information	
Client Name:	
CIF Number:	
CIF Relationship:	☐ Business ☐ Personal ☐
Purpose of Review:	☐ Initial Review ☐ Perio
Date Client Relation Established:	
Transaction History Date Range Reviewed	
Risk Score at Time of Review:	
Inherent Risk Rating:	
Industry (business account only) or Occupation	☐ no ☐ yes (provide
Treasury Service Client	
Higher Risk Services Offered by Business (ATM, COAM, money orders, etc.) – List in Response block	
Transactional Analysis	**Sum**
Account Numbers Covered in Review	☐ no ☐ yes (
Does the client only have loans with the Bank?	review date for 18 m
Transaction timeframe reviewed covers (date range) • Dollar range of transactions • Transactions or patterns impacting risk score (highest scoring risk dimensions) • Largest transactions and dates • Type of transactions (ACH, WT, Checks, etc.)	
Review of item images.	☐ no

Customer Profile

Entity Review

Name:			TIN:		Portfol
Location:			URL:		
Date Relationship Established:	02/22/2019	Entity Type:	Corporation		NAIC
Description:	Money transmission services				
Secondary Business Activities:	Travel agency				
High Risk Business Activities or Designation Reasons:					
☒MSB	☐TPPP	☐CIB	☐PSP		
☐NGO	☐NBFI	☒SAR	☐CRE		
☐HEMP	☒OTHER: Resident alien signer				
Prior Risk Rating:	High	Current Risk Rating:	High		

Signer Review

Name:		SSN:		DOB:	Role:
Name:		SSN:		DOB:	Role:

Review Details

Review Completed:	04/01/2020	Review Period Range:	12/01/2019 through (
Prior Review Date:	01/09/2020	Prior Review Date Range:	09/01/2019 through
Reviewer Name:			

Account Details

Account	Open Date	Type	Purpose
61506	02/22/2019	Small Business	Operating Account

Customer Overview

Review

Have CTRs been filed during review period?	☐Yes	☒No	# of CTRs:	0	# of tra		
Have SARs been filed?	☒Yes	☐No	# of SARs	1	Da		
# of Alerts:	15	# of Cases:	0	Overview of Alert/Case Reasons:	Alerts triggered due to new activity. All were closed wi		
Have subpoenas or other relevant legal requests been received?							
Is entity in good standing with the state?							
Any changes in entity control or ownership?							
Any changes in business activities or nature of business?							

Customer:
Account number(s):
Period covered:
Date opened:

High Risk Account Review

Activity	Anticipated	This period	Previous review period
Cash deposits			
Cash withdrawals			
Wires In (Dom)			
Wires Out (Dom)			
Wires In (Int'l)			
Countries:			
Wires Out (Int'l)			
Countries:			
ACH In			
ACH Out			
IAT In			
Countries:			
IAT Out			
Countries:			
Total Deposits			
Currency Exchanges			
ATM activity			
ATM replenishments			
Monetary Instruments			

Items deposited seem appropriate for this type of business ☐ Yes ☐ No*
Any third party items ☐ Yes* ☐ No
Checks written seem appropriate for this type of business ☐ Yes ☐ No*
Those appearing to be payroll seem appropriate ☐ Yes ☐ No*
Any indications of involvement with cryptocurrencies ☐ Yes* ☐ No
Any indications of involvement with unlawful internet gambling ☐ Yes* ☐ No
Any indications of MSB or MRB activities ☐ Yes* ☐ No
Active on Sunbiz ☐ Yes ☐ No*
Has there been a change in officers ☐ Yes* ☐ No
Google search results indicates cause for concern ☐ Yes* ☐ No
Products/Services used: ☐ Internet banking/bill pay ☐ RDC/Mobile Deposit
☐ Cash Management ☐ ACH Origination
☐ On-line wires
Current risk rating:
New risk rating:

saltmarsh

Resources for performing reviews

AML SOFTWARE

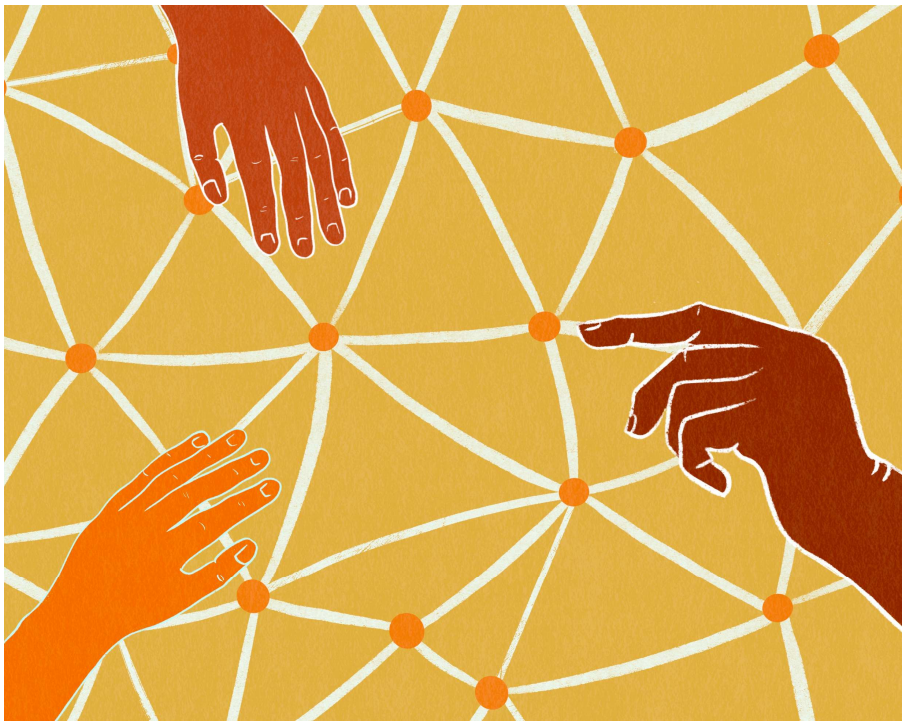
NEWS SOURCES, SUCH AS LEXISNEXIS, FACTUALDATA, AND GOOGLE

AI COMPONENTS

INTERNAL REFERRALS

saltmarsh

Internal controls and oversight



- Policies and procedures
- Clear methodology of risk rating
- Reporting information to the Board and/or appropriate committees
- Escalating anomalies and red flags

saltmarsh

Questions?

saltmarsh

Contact

Melba Moody

Manager, Financial Institutions

melba.moody@saltmarshadvisors.com

(800)477-7458

https://www.linkedin.com/in/melba-moody/

saltmarsh

saltmarsh

Thank You!

Receive Insights from Saltmarsh

saltmarshadvisors.com/subscribe