InfoSight

Compliance eNewsletter

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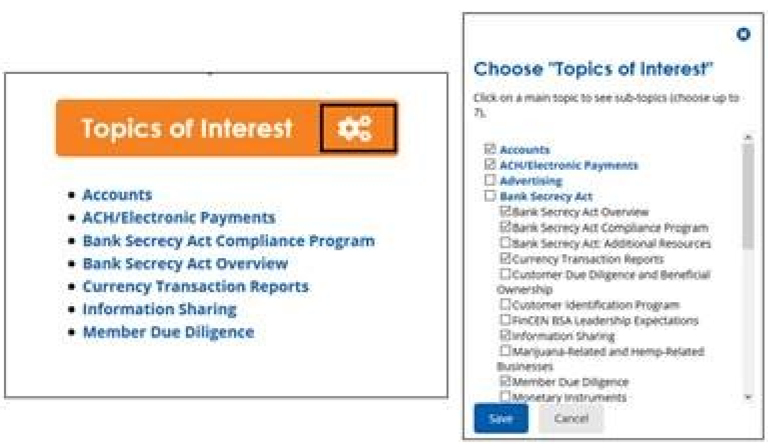
InfoSight News

InfoSight tips!

Did you know you can create quick links on the InfoSight dashboard to the channels or topics you visit the most? Simply click on the gear icon on the Topics of Interest section to get the selection window. Click the checkbox next to any channel or click on the channel name to expand any channel to see the individual topics. You can select up to 7 channels and/or topics to be linked on your dashboard for easy access!



Compliance and Advocacy News & Highlights

Agencies Encourage Financial Institutions to Meet Financial Needs of Customers and Members Affected by Coronavirus

Federal financial institution regulators and state regulators encouraged financial institutions to meet the financial needs of customers and members affected by the coronavirus. The agencies recognize the potential impact of the coronavirus on the customers, members, and operations of many financial institutions and will provide appropriate regulatory assistance to affected institutions subject to their supervision.

Regulators note that financial institutions should work constructively with borrowers and other customers in affected communities. Prudent efforts that are consistent with safe and sound lending practices should not be subject to examiner criticism.

The agencies understand that many financial institutions may face current staffing and other challenges. In cases in which operational challenges persist, regulators will expedite, as appropriate, any request to provide more convenient availability of services in affected communities. The regulators also will work with affected financial institutions in scheduling examinations or inspections to minimize disruption and burden.

Source: NCUA

CFPB Files Suit Against Fifth Third Bank for Unauthorized Accounts

The Consumer Financial Protection Bureau (Bureau) today filed a lawsuit in federal district court in the Northern District of Illinois against Fifth Third Bank, National Association (Fifth Third). The Bureau alleges that for several years Fifth Third, without consumers' knowledge or consent: opened deposit and credit-card accounts in consumers' names; transferred funds from consumers' existing accounts to new, improperly opened accounts; enrolled consumers in unauthorized online-banking services; and activated unauthorized lines of credit on consumers' accounts. The Bureau alleges that Fifth Third violated the Consumer Financial Protection Act's prohibition against unfair and abusive acts or practices as well as the Truth in Lending Act and the Truth in Savings Act and their implementing regulations.

The Bureau specifically alleges that for years and continuing through at least 2016, Fifth Third used a "cross-sell" strategy to increase the number of products and services it provided to existing customers; used an incentive-compensation program to reward selling new products; and conditioned employee-performance ratings and, in some instances, continued employment on meeting ambitious sales goals. The Bureau further alleges that, despite knowing since at least 2008 that employees were opening unauthorized consumer-financial accounts, Fifth Third took insufficient steps to detect and stop the conduct and to identify and remediate harmed consumers.

Source: CFPB

FinCEN fines former U.S. Bank official

FinCEN has announced it has assessed a $450,000 civil money penalty against Michael LaFontaine, former Chief Operational Risk Officer at U.S. Bank National Association (U.S. Bank), for his failure to prevent violations of the Bank Secrecy Act during his tenure (January 2005 to June 2014). U.S. Bank used automated transaction monitoring software to spot potentially suspicious activity, but it improperly capped the number of alerts generated, limiting the ability of law enforcement to target criminal activity. In addition, the bank failed to staff the BSA compliance function with enough people to review even the reduced number of alerts enabling criminals to escape detection.

U.S. Bank failed to timely file thousands of Suspicious Activity Reports ("SARs"). Bank employees understood through internal testing and other means that the inadequate AML policies described above caused the Bank to fail to identify and report large numbers of suspicious transactions. Subsequent analysis of the Bank's transactions has revealed that it failed to timely file thousands of SARs, including on transactions that potentially laundered the proceeds from crimes. The Bank was assessed a civil money penalty of $185 million in February 2018 for these inadequacies and violations.

Source: FinCEN

CFPB Announces Steps to Prevent Consumer Harm

The CFPB has announced three steps it is taking to advance its strategy for preventing consumer harm:

- Implementing an advisory opinion program to provide clear guidance to assist companies in better understanding their legal and regulatory obligations through advisory opinions;
- Amending and reissuing its responsible business conduct bulletin, which articulates that the Bureau intends to provide credit to entities for their responsible conduct based on its extent and significance; and
- Engaging with Congress to advance proposed legislation that would authorize the Bureau to award whistleblowers who report violations of federal consumer financial law.

Under the advisory opinion program, parties will submit requests for an advisory opinion to the Bureau via its website. To increase transparency and to provide regulatory certainty to all regulated entities and other stakeholders, the Bureau will publish the responding advisory opinion in the Federal Register and on its website. The opinion will include an interpretation of the Bureau's existing rules.

The revised responsible business conduct guidelines list four categories of responsible conduct -- self-assessing, self-reporting, remediation, and cooperation -- that can be considered with other factors in addressing violations of consumer financial law in supervisory and enforcement matters.

The proposed whistleblower provisions would provide incentives for employees to report wrongdoing to the Bureau that can assist in advancing enforcement cases, especially fair lending cases.

Source: CFPB

FATF guidance on Digital IDs

The Financial Action Task Force (FATF) has issued a Guidance on Digital ID, which reports the number of digital transactions are growing at an estimated 12.7 % annually. By 2022, an estimated 60% of global GDP will be digitized. In any financial transaction, knowing your customer is essential to ensure that the funds involved are not linked to crime and terrorism. However, in a digital context, traditional verification tools do not apply. The FATF has developed the guidance to help governments, financial institutions, virtual asset service providers and other regulated entities determine whether a digital ID is appropriate for use for customer due diligence.

Source: FATF

Articles of Interest

- CUNA launches coronavirus resource, information page
- OFAC Issues FAQ re: COVID-19 in Iran
- OFAC Removes Terrorism Sanctions Rule

Pending Comment Calls

- Affirmatively Furthering Fair Housing
- Property Assessed Clean Energy (PACE) Program

CUNA's Advocacy Resources:

- This Week in Washington
- CUNA Advocacy page

Compliance Calendar

- March 20th, 2020: Increasing the Same Day ACH Dollar Limit (Effective Date)
- April 26th, 2020: 5300 Call Report Due to NCUA
- May 25th, 2020: Memorial Day - Federal Holiday
- June 30th, 2020: Supplementing Data Security Requirements (Effective Date)
- July 1st, 2020: Regulation CC – Monetary Limit Threshold Changes