

**Federal Reserve Board of Governors**

**Course Description for  
BSA/AML Hands-On  
(S&R Technology Lab)**

**Last Revised: June 2009**

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## **BSA/AML – Hands On (S&R Technology Lab)**

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The Board of Governors of the Federal Reserve System is proud to offer technology-related courses developed and hosted by the S.T.R.E.A.M./Technology Lab at the Federal Reserve Bank of Chicago, Chicago, Illinois. For over nine years, the S.T.R.E.A.M./Technology Lab has pursued a unique approach to examiner technology training by combining hands-on exercises with lectures. Learning materials are based on applicable FFIEC Examination Handbooks and other examiner guides. The hands-on exercises reinforce concepts by allowing participants to interact with various vendor software applications, operating systems, and security appliances widely used in the financial industry and observing how they work. Each participant has a PC at their disposal in the state-of-the-art facility which supports teleconferencing, audio/video recordings, and interactive participant response systems.

### **Type of Participant Targeted**

The BSA/AML class is a 4 1/2-day course intended for Safety & Soundness examiners (pre and post commissioned) who are expected to perform and/or assist with BSA examinations.

The primary target audience for this course would be examiners with 0-2 years AML experience. A secondary target audience would be those examiners wanting to gain additional knowledge with respect to the BSA/AML examination process.

### **Prerequisites**

Registrants should have participated on at least one BSA exam.

### **Course Overview**

This course is designed to guide examiners through the core principles and procedures of the FFIEC BSA Anti-Money Laundering Examination Manual. The course examines key topics such as Examination Scoping and Planning; Risk Assessments; Customer Identification Program/Customer Due Diligence; Currency Transaction Reporting; Office of Foreign Asset Control; Information Sharing; Suspicious Activity Monitoring and Reporting; and, Developing Conclusions and Finalizing the Examination.

### **Course Objectives**

After completing the course, the participant, at a minimum, will be able to:

- Obtain a basic understanding of the purposes of BSA/AML regulations;
- Actively contribute to a BSA/AML examination;
- Begin developing the tools necessary for assessing proper BSA/AML examination techniques;
- Discuss examination procedures outlined in the FFIEC BSA Anti-Money Laundering Examination Manual.

## Post-Course Intervention

Participants will learn the essential components that comprise a BSA/AML Examination. Each participant should be able to assist or lead the BSA/AML examination team in completing the FFIEC BSA Anti-Money Laundering Examination Manual modules and associated tasks.

## Overview of the BSA/AML Curriculum

<b>Subject</b>	<b>Approximate Class Hours</b>
BSA Compliance Overview	2.0
Examination Scoping & Planning	2.5
Risk Assessments	1.5
Risk Assessments Exercise	1.5
Customer Identification Program (CIP)	1.5
Customer Due Diligence (CDD) / Enhanced Due Diligence (EDD)	1.5
Customer Identification Program Exercise	1.5
Currency Transaction Reporting (CTR)	1.0
Currency Transaction Reporting - Exemptions	1.0
Office of Foreign Asset Control (OFAC)	1.5
Office of Foreign Asset Control Exercise	1.5
Information Sharing	1.0
Suspicious Activity Monitoring & Reporting (SAR)	1.5
Suspicious Activity Monitoring & Reporting Exercise	1.5
Remote Deposit Capture (RDC)	1.5
Microstructuring	1.5
Automated Clearing House (ACH) Transactions	1.0
BSA/AML Software	1.5
Developing Examination Conclusions and Finalizing Examinations	1.5
Round Table Discussions/Evaluations	4.0
<b>Total Lecture &amp; Exercise Hours</b>	<b>32.0 (*)</b>

**(\*) Note: The total number of hours and topics may vary from class to class.**

## Learning Objectives

By module, the participant, at a minimum, will able to do the following:

Module	Learning Objectives
BSA Compliance Overview	Identify and discuss the four principal procedures of a BSA/AML examination: <ul style="list-style-type: none"> <li>• Scoping and Planning;</li> <li>• BSA/AML Risk Assessment;</li> <li>• BSA/AML Compliance Program;</li> <li>• Developing Conclusions and Finalizing the Examination.</li> </ul>
Examination Scoping & Planning	Develop an examination scope in preparation for a BSA/AML examination; taking into account the bank's BSA/AML compliance program, OFAC compliance program, compliance history, and risk profile (i.e., products, services, customers, entities, transactions, and geographic locations).
Risk Assessments	Review the overall comprehensiveness and assess the bank's Risk Assessment program with respect to the bank's products, services, targeted customers, entities, and geographic locations. Determine whether the bank's process for periodically reviewing and updating its BSA/AML Risk Assessment is adequate.
Customer Information Program (CIP)	Assess the bank's compliance with the statutory and regulatory requirements for its Customer Information Program (CIP).
Customer Due Diligence (CDD) / Enhanced Due Diligence (EDD)	Evaluate the appropriateness and comprehensiveness of the bank's CDD/EDD policies, procedures, and processes for obtaining customer information. Evaluate the value of this information in detecting, monitoring, and reporting suspicious activity.
Currency Transaction Reporting (CTR) / Currency Transaction Reporting – Exemptions	Appraise the bank's system for reporting CTRs and CTR Exemptions and form a conclusion about the bank's capability to meet regulatory requirements associated with currency transaction and exemption reporting.
Office of Foreign Asset Control (OFAC)	Judge the adequacy of the bank's systems and processes for its OFAC compliance program and form an overall conclusion of the effectiveness of this process.
Information Sharing	Form a conclusion about the ability of the bank's policies, procedures, and processes to meet regulatory requirements associated with information sharing.
Suspicious Activity Monitoring & Reporting (SAR)	Evaluate the bank's policies, procedures, and systems for identifying, investigating and reporting suspicious/unusual activity.
Remote Deposit Capture (RDC)	Appraise the bank's systems for managing the risks associated with RDC (a form of Electronic Banking – same as E-banking) and evaluate management's ability to implement effective monitoring and reporting systems with respect to E-banking in general.
Microstructuring	Discuss with bank management policies, procedures, and systems for identifying, investigating and reporting Microstructuring through its suspicious activity monitoring system.
Automated Clearing	Discuss with bank management the adequacy of the bank's

Module	Learning Objectives
House (ACH) Transactions	systems to manage the risks associated with ACH transactions; and, management's ability to implement effective monitoring and reporting systems.
BSA/AML Software	Identify the bank's software systems used for identifying, investigating and reporting suspicious/unusual activity: as well as, other platforms used by the bank tellers, and other lines of businesses.
Developing Examination Conclusions and Finalizing Examinations	Formulate conclusions, communicate findings to management, and prepare report comments to aid the closing of a BSA/AML examination.
Round Table Discussions/Evaluations	Discuss and clarify any questions that arose from any of the previous days' activities, presentations, and/or exercises. In addition, course evaluations will be completed prior to class dismissal.

## Class Size

The optimal class size for the BSA/AML course offerings is approximately 20 participants. To provide sufficient variety of interaction among class participants, the minimum class size should be 12 participants.

## Instructors

BSA/AML courses include one or more instructor(s) from the Federal Reserve System and may also include instructors from an external agency. This course may require from 3 to 5 total instructors.