



Report to the Ranking Member,
Subcommittee on Consumer Protection
and Financial Institutions, Committee on
Financial Services, House of
Representatives

September 2020

ANTI-MONEY LAUNDERING

Opportunities Exist to
Increase Law
Enforcement Use of
Bank Secrecy Act
Reports, and Banks'
Costs to Comply with
the Act Varied

GAO Highlights

Highlights of [GAO-20-574](#) a report to the Ranking Member, Subcommittee on Consumer Protection and Financial Institutions, Committee on Financial Services, House of Representatives

Why GAO Did This Study

Money laundering and terrorist financing pose threats to national security and the U.S. financial system's integrity. The BSA requires financial institutions to file suspicious activity and other reports to help law enforcement investigate these and other crimes. FinCEN administers the BSA and maintains BSA reports in an electronic database that can be searched to identify relevant reports. Some banks cite the BSA as one of their most significant compliance costs and question whether BSA costs outweigh its benefits in light of limited public information about law enforcement's use of BSA reports.

GAO was asked to review the BSA's implementation. This report examines (1) the extent to which law enforcement uses BSA reports and FinCEN facilitates their use, (2) selected banks' BSA compliance costs, (3) oversight of banks' BSA compliance, and (4) stakeholder views of proposed changes to the BSA. GAO surveyed personnel at six federal law enforcement agencies, collected data on BSA compliance costs from 11 banks, reviewed FinCEN data on banking agencies' BSA examinations, and interviewed law enforcement and industry stakeholders on the effects of proposed changes.

What GAO Recommends

GAO is recommending that FinCEN develop written policies and procedures to promote greater use of BSA reports by law enforcement agencies without direct database access. FinCEN concurred with GAO's recommendation.

View [GAO-20-574](#). For more information, contact Michael Clements at (202) 512-8678 or clementsm@gao.gov.

September 2020

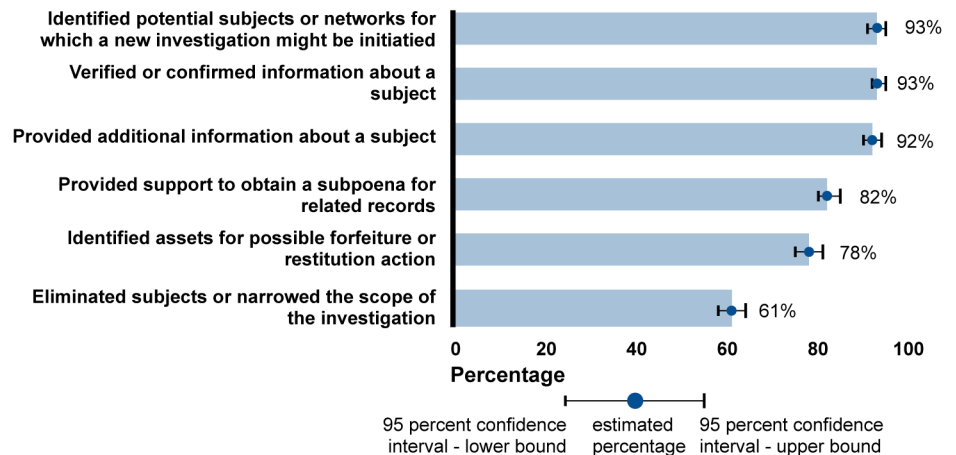
ANTI-MONEY LAUNDERING

Opportunities Exist to Increase Law Enforcement Use of Bank Secrecy Act Reports, and Banks' Costs to Comply with the Act Varied

What GAO Found

Many federal, state, and local law enforcement agencies use Bank Secrecy Act (BSA) reports for investigations. A GAO survey of six federal law enforcement agencies found that more than 72 percent of their personnel reported using BSA reports to investigate money laundering or other crimes, such as drug trafficking, fraud, and terrorism, from 2015 through 2018. According to the survey, investigators who used BSA reports reported they most frequently found information useful for identifying new subjects for investigation or expanding ongoing investigations (see figure).

Estimated Frequency with Which Criminal Investigators Who Reported Using BSA Reports Almost Always, Frequently, or Occasionally Found Relevant Reports for Various Activities, 2015–2018



Source: GAO survey of law enforcement agencies. | GAO-20-574

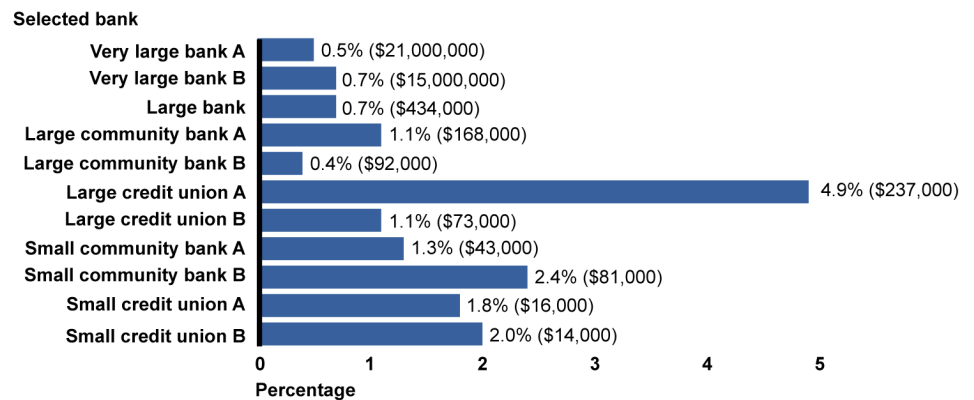
Notes: GAO conducted a generalizable survey of 5,257 personnel responsible for investigations, analysis, and prosecutions at the Drug Enforcement Administration, Federal Bureau of Investigation, Homeland Security Investigations, Internal Revenue Service-Criminal Investigation, Offices of U.S. Attorneys, and U.S. Secret Service. The margin of error for all estimates is 3 percentage points or less at the 95 percent confidence interval.

As of December 2018, GAO found that the Financial Crimes Enforcement Network (FinCEN) granted the majority of federal and state law enforcement agencies and some local agencies direct access to its BSA database, allowing them to conduct searches to find relevant BSA reports. FinCEN data show that these agencies searched the BSA database for about 133,000 cases in 2018—a 31 percent increase from 2014. FinCEN created procedures to allow law enforcement agencies without direct access to request BSA database searches. But, GAO estimated that relatively few local law enforcement agencies requested such searches in 2018, even though many are responsible for investigating financial crimes. GAO found that agencies without direct access may not know about BSA reports or may face other hurdles that limit their use of BSA reports. One of FinCEN's goals is for law enforcement to use BSA reports to the greatest extent possible. However, FinCEN lacks written policies and procedures for assessing which agencies without direct access could benefit from greater use of

BSA reports, reaching out to such agencies, and distributing educational materials about BSA reports. By developing such policies and procedures, FinCEN would help ensure law enforcement agencies are using BSA reports to the greatest extent possible to combat money laundering and other crimes.

GAO reviewed a nongeneralizable sample of 11 banks that varied in terms of their total assets and other factors, and estimated that their total direct costs for complying with the BSA ranged from about \$14,000 to about \$21 million in 2018. Under the BSA, banks are required to establish BSA/anti-money laundering compliance programs, file various reports, and keep certain records of transactions. GAO found that total direct BSA compliance costs generally tended to be proportionally greater for smaller banks than for larger banks. For example, such costs comprised about 2 percent of the operating expenses for each of the three smallest banks in 2018 but less than 1 percent for each of the three largest banks in GAO’s review (see figure). At the same time, costs can differ between similarly sized banks (e.g., large credit union A and B), because of differences in their compliance processes, customer bases, and other factors. In addition, requirements to verify a customer’s identity and report suspicious and other activity generally were the most costly areas—accounting for 29 and 28 percent, respectively, of total compliance costs, on average, for the 11 selected banks.

Estimated Total Direct Costs for Complying with the Bank Secrecy Act as a Percentage of Operating Expenses and Estimated Total Direct Compliance Costs for Selected Banks in 2018



Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Notes: Estimated total direct compliance costs are in parentheses for each bank. Very large banks had \$50 billion or more in assets. Small community banks had total of assets of \$250 million or less and met the Federal Deposit Insurance Corporation’s community bank definition. Small credit unions had total assets of \$50 million or less.

Federal banking agencies routinely examine banks for BSA compliance. FinCEN data indicate that the agencies collectively cited about 23 percent of their supervised banks for BSA violations each year in their fiscal year 2015–2018 examinations. A small percentage of these violations involved weaknesses in a bank’s BSA/anti-money laundering compliance program, which could require the agencies by statute to issue a formal enforcement action.

Stakeholders had mixed views on industry proposals to increase the BSA’s dollar thresholds for filing currency transaction reports (CTR) and suspicious activity reports (SAR). For example, banks must generally file a CTR when a customer deposits more than \$10,000 in cash and a SAR if they identify a suspicious transaction involving \$5,000 or more. If both thresholds were doubled, the changes would have resulted in banks filing 65 percent and 21 percent fewer CTRs and SARs, respectively, in 2018, according to FinCEN analysis. Law enforcement agencies told GAO that they generally are concerned that the reduction would provide them with less financial intelligence and, in turn, harm their investigations. In contrast, some industry associations told GAO that they support the changes to help reduce BSA compliance costs for banks.

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Abbreviations

AML	anti-money laundering
BSA	Bank Secrecy Act
CTR	currency transaction report
DEA	Drug Enforcement Administration
EOUSA	Executive Office for U.S. Attorneys
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
FFIEC	Federal Financial Institutions Examination Council
FinCEN	Financial Crimes Enforcement Network
HSI	U.S. Immigration and Customs Enforcement-Homeland Security Investigations
IRS-CI	Internal Revenue Service-Criminal Investigation
NCUA	National Credit Union Administration
OCC	Office of the Comptroller of the Currency
SAR	suspicious activity report
Secret Service	U.S. Secret Service
Treasury	Department of the Treasury
U.S. Attorneys' Offices	Offices of the United States Attorneys

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September 22, 2020

The Honorable Blaine Luetkemeyer
Ranking Member
Subcommittee on Consumer Protection and Financial Institutions
Committee on Financial Services
House of Representatives

Dear Mr. Luetkemeyer:

Money laundering and terrorist financing pose threats to the integrity of the U.S. financial system and national security.¹ In its 2018 National Money Laundering Risk Assessment, the Department of the Treasury (Treasury) estimated that domestic financial crime, excluding tax evasion, generates approximately \$300 billion of proceeds for potential laundering annually.² The Bank Secrecy Act (BSA) and related anti-money laundering (AML) authorities and requirements are important tools for law enforcement and regulators to detect and deter the use of financial institutions for illicit financial activity.³ The BSA and its implementing regulations generally require financial institutions, including banks, to collect and retain various records of customer transactions, verify customers' identities, maintain AML programs, and report suspicious transactions.

BSA/AML regulations require banks to monitor customer transactions to identify suspicious activity potentially indicating money laundering or other

¹Money laundering generally is the process of converting proceeds derived from illicit activities into funds and assets in the financial system that appear to have come from legitimate sources. See 18 U.S.C. §§ 1956-57 (criminalizing the laundering of monetary instruments).

²Department of the Treasury, *National Money Laundering Risk Assessment 2018* (Washington, D.C.: Dec. 20, 2018).

³Bank Secrecy Act, Pub. L. No. 91-508, 84 Stat. 1114-24 (1970) (codified as amended in scattered sections of 12 U.S.C., 18 U.S.C., and 31 U.S.C.). Regulations implementing the Bank Secrecy Act primarily appear in 31 C.F.R. Ch. X. The Bank Secrecy Act defines financial institutions as insured banks, licensed money transmitters, insurance companies, travel agencies, broker-dealers, and dealers in precious metals, among other types of businesses. See 31 U.S.C. § 5312(a)(2).

criminal activity.⁴ If warranted, the banks file suspicious activity reports (SAR) with the Financial Crimes Enforcement Network (FinCEN)—a bureau within Treasury that administers the BSA.⁵ In 2019, banks and other financial institutions submitted more than 2.3 million SARs, of which banks accounted for 1.1 million, or about 49 percent. FinCEN and federal, state, and local law enforcement agencies can use SARs and other BSA reports to help investigate and prosecute fraud, drug trafficking, terrorist acts, and other criminal activities.

Members of Congress, industry associations, and other stakeholders have raised questions about the BSA's benefits to law enforcement and costs for financial institutions, particularly banks. For example, although supportive of the BSA, some banks and their trade associations cite BSA/AML requirements as a significant compliance burden and generally question whether the act's benefits outweigh the costs in light of limited public information about law enforcement's use of BSA reports. Given such questions, industry associations and other stakeholders have proposed a range of reforms intended to improve the BSA's effectiveness or efficiency, such as streamlining reporting requirements for SARs and currency transaction reports (CTR), increasing information sharing, and enhancing the use of technology.⁶

⁴Under the BSA's implementing regulations, the term "bank" includes each agent, agency, branch, or office within the United States of commercial banks, savings and loan associations, thrift institutions, credit unions, and foreign banks. See 31 C.F.R. §1010.100(d). Unless otherwise noted, we use the term "bank" to include credit unions and "federal banking agencies" to include the National Credit Union Administration.

⁵Under FinCEN's regulations, banks are required to file SARs if a transaction involves or aggregates at least \$5,000 in funds or other assets and the bank knows, suspects, or has reason to suspect that the transaction involves funds derived from illegal activities, is designed to evade any BSA requirements, or has no business or apparent lawful purpose and the bank knows of no reasonable explanation for the transaction. See 31 C.F.R. § 1020.320(a).

⁶CTRs are reports banks generally must file when customers make large cash transactions, currently defined by regulation as those exceeding \$10,000.

You asked us to examine issues related to the implementation of the BSA/AML requirements.⁷ This report examines (1) the extent to which law enforcement agencies use BSA reports and to which FinCEN facilitates access to and use of the reports, (2) costs that selected banks incur to comply with BSA/AML requirements, (3) federal banking agencies' examinations of banks for compliance with BSA/AML requirements, and (4) stakeholder views on potential changes to BSA reporting requirements and steps that federal banking agencies and banks have taken to explore innovative approaches to comply with BSA/AML requirements.⁸

To examine the extent to which law enforcement agencies use BSA reports, we surveyed a generalizable sample of more than 5,000 personnel at six agencies—U.S. Immigration and Customs Enforcement-Homeland Security Investigations (HSI) and U.S. Secret Service (Secret Service) at the Department of Homeland Security; the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation (FBI), and the Offices of the United States Attorneys (U.S. Attorneys' Offices) at the Department of Justice; and the Internal Revenue Service-Criminal Investigation (IRS-CI)—about their use of BSA reports from 2015 through 2018.⁹ In addition, we analyzed FinCEN data to determine the number of federal, state, and local law enforcement agencies with and without direct access to FinCEN's BSA report database and the number of database

⁷In August 2019, we issued a report addressing other aspects of your request, including how FinCEN, supervisory agencies, and law enforcement agencies collaborate to supervise, implement, examine, and enforce BSA/AML requirements and the extent to which those agencies have established metrics and provided feedback to financial institutions on the usefulness of their BSA reporting. See GAO, *Bank Secrecy Act: Agencies and Financial Institutions Share Information but Metrics and Feedback Not Regularly Provided*, [GAO-19-582](#) (Washington, D.C.: Aug. 27, 2019).

⁸The federal banking agencies are the Board of Governors of the Federal Reserve System (Federal Reserve), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and Office of the Comptroller of the Currency (OCC).

⁹These agencies were the main users of FinCEN's BSA report database in 2018. We administered our survey from November 2019 through March 2020, and the survey results are generalizable to the six agencies' investigators, analysts, and prosecutors. For purposes of our survey, we considered the U.S. Attorneys' Offices to be one entity.

searches that such agencies conducted from 2014 through 2018.¹⁰ We compared the results to the Department of Justice’s data on the total number of law enforcement agencies and their investigative areas to describe the extent to which law enforcement agencies had access.¹¹ We interviewed five state law enforcement agencies—selected to include those that made a relatively large or small number of BSA database searches at the request of other agencies and a range of geographic locations—about state and local law enforcement agency awareness and use of BSA reports.¹²

To describe how law enforcement agencies access and use BSA reports, we reviewed the BSA and its implementing regulations; FinCEN and law enforcement agencies’ reports, testimonies, and speeches; and GAO reports. Finally, we interviewed officials at DEA, the Department of Justice Criminal Division, the Executive Office for U.S. Attorneys, FBI, FinCEN, HSI, IRS-CI, and Secret Service.¹³

To estimate the costs of complying with BSA/AML requirements, we conducted case studies of a nongeneralizable sample of 11 banks to

¹⁰Agencies access FinCEN’s BSA data through FinCEN Query, a secure web application. This application provides users with the ability to perform online searches of the complete BSA data set. Throughout this report, we refer to access to BSA data through FinCEN Query as direct access to the BSA database. According to FinCEN officials, only a few authorized individuals in FinCEN’s Technology Division have direct access to the database where BSA data are stored. In addition, according to FinCEN officials, as of December 2018, 10 federal agencies had agreements to periodically download the BSA data into their internal computer systems. Personnel in agencies with access to the downloaded data are able to search the data directly. FinCEN does not systematically collect information on the number of cases worked with these data, and therefore we have not included them in our analysis of use of the database.

¹¹See Department of Justice, *Federal Law Enforcement Officers, 2016—Statistical Tables*, Bureau of Justice Statistics Bulletin NCJ 251922 (Washington, D.C.: October 2019); *Local Police Departments, 2016, Personnel*, Bureau of Justice Statistics Bulletin NCJ 252835 (Washington, D.C.: October 2019); and *Choose Justice: Guide to the U.S. Department of Justice for Law Students and Experienced Attorneys* (Washington, D.C.: December 2011).

¹²The five state agencies served as FinCEN state coordinators as of March 2019 and were responsible for searching the FinCEN BSA report database at the request of state and local agencies in their state.

¹³The Executive Office for U.S. Attorneys provides executive and administrative support for the U.S. Attorneys, including legal education, administrative oversight, technical support, and the creation of uniform policies.

collect data on their 2018 compliance costs.¹⁴ We selected the banks to reflect a mix of types (credit union, community bank, regional or national bank), sizes (total assets), and BSA/AML reporting frequencies (number of SARs filed in 2018).¹⁵ To identify the core BSA/AML requirements for which to collect cost data, we reviewed the associated laws and regulations, as well as the Federal Financial Institutions Examination Council's (FFIEC) Bank Secrecy Act/Anti-Money Laundering Examination Manual.¹⁶ From August through November 2019, we conducted structured interviews on-site at each of the 11 banks and analyzed their 2018 data on personnel, salaries, and time required for key BSA/AML compliance activities; third-party vendors, such as independent auditors; and specialized software used by banks to help meet the requirements.

To examine federal banking agencies' examinations of banks' compliance with BSA/AML requirements, we reviewed the BSA and other related laws and regulations and relevant agency documents, such as an information-sharing agreement between FinCEN and the federal banking agencies, and examination and other guidance. We analyzed FinCEN data on the federal banking agencies' findings for their fiscal year 2015 through 2018 BSA/AML examinations to determine the extent to which banks were cited for BSA violations and the types of such violations. To assess the level of resources that FinCEN would need to conduct BSA/AML examinations of banks, we analyzed data on hours that federal banking agencies devoted to BSA/AML examinations, which the banking agencies provided to us for selected banks. In addition, we reviewed prior GAO reports and studies by industry and other stakeholders and other publications on the BSA and BSA/AML examinations. Finally, we

¹⁴We limited the scope of our review to federally insured U.S. banks because of the relatively large volume of BSA reports they file. In 2018, banks, credit unions, and other depository institutions filed about 45 percent of all SARs.

¹⁵We also considered geography and federal regulator, among other factors. We defined community banks using FDIC's definition of community banks, which considers banks' specialties, activities, geographic scope of operations, and total assets. See Federal Deposit Insurance Corporation, *FDIC Community Banking Study* (December 2012). To identify banks and their characteristics, we used data in FDIC's Statistics on Depository Institutions, NCUA's Call Report, and the Federal Reserve's National Information Center databases. We determined SAR reporting frequency using data provided by FinCEN.

¹⁶Federal Financial Institutions Examination Council, *Bank Secrecy Act/Anti-Money Laundering Examination Manual* (Feb. 27, 2015). FFIEC subsequently published stand-alone sections of the manual on the customer due diligence and beneficial ownership for legal entity customers requirements in May 2018 and on the BSA/AML compliance program requirements in April 2020. The manual includes detailed information on BSA/AML regulatory requirements, expectations, and industry practices for examiners carrying out BSA/AML compliance examinations.

interviewed FinCEN, the four federal banking agencies, and six bank and credit union associations about their views on examination issues.

To examine stakeholder views on potential changes to BSA reporting requirements and steps taken to explore innovative approaches to comply with BSA/AML requirements, we reviewed and analyzed proposals that some Members of Congress, industry associations, and other stakeholders have made to change the BSA's reporting and other requirements. To evaluate the potential benefits and costs of increasing certain reporting thresholds, we reviewed FinCEN analyses estimating the effect of increasing the SAR and CTR thresholds on the number of such filings in 2018. To evaluate the effect of restrictions on the sharing of SARs by U.S. banks with their foreign branches, we analyzed the Board of Governors of the Federal Reserve System's (Federal Reserve) National Information Center data to estimate the number of foreign branches affiliated with U.S. banks and reviewed international AML assessments of some of the countries in which the foreign branches were located. We also interviewed FinCEN, federal law enforcement agencies (discussed above), and six bank and credit union associations (discussed above) about their views on the potential benefits and costs of certain changes to the BSA.

For all of the objectives, we obtained and analyzed data from FinCEN on law enforcement access to and use of the BSA database and BSA/AML examinations and from federal banking agencies on their supervised financial institutions and BSA/AML examinations. We assessed the reliability of these data by reviewing relevant documentation; interviewing knowledgeable staff; and electronically testing the data for duplicates, missing values, and invalid values. We determined that the data were sufficiently reliable for our reporting objectives. More detailed information on our objectives, scope, and methodology is presented in appendix I.

We conducted this performance audit from September 2018 to September 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate, evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

FinCEN and Money Laundering

FinCEN was established in 1990 within Treasury, and as a Treasury bureau in 2001, and is responsible for administering the BSA. FinCEN has authority to enforce compliance with the BSA's requirements, including implementing regulations and imposing civil money penalties. FinCEN serves as the repository of SARs and CTRs, among other required reports, from banks and other financial institutions. It also analyzes information in BSA reports and shares such analysis with appropriate federal, state, local, and foreign law enforcement agencies. In addition, FinCEN publishes on its website analyses containing trends and methods in money laundering and other financial crimes.

Money laundering is generally the process of using the financial system to make illegally gained proceeds appear legal.¹⁷ Criminal activities can generate proceeds that criminals try to move into banks and other financial institutions for safekeeping. These proceeds may then be used for legal activities, funneled back into the existing criminal enterprise, or used for new illegal activities (e.g., proceeds from drug trafficking used to pay for human trafficking). Law enforcement agencies can use financial records and other evidence to learn about these criminal proceeds as they enter into and exit from banks and other financial institutions through deposits, transfers, credit applications, and other means.

Money laundering is related to a range of other crimes. Money laundering statutes identify numerous related criminal activities—including the felonious manufacture, sale, or importation of a controlled substance; smuggling; terrorist acts; and fraud—associated with efforts to hide funds gained through illicit activities.¹⁸ According to Treasury's 2018 National Money Laundering Risk Assessment, the crimes that generate the bulk of illicit proceeds in the United States are fraud, drug trafficking, human smuggling, human trafficking, organized crime, and corruption.¹⁹ Treasury also found that flows of money used to finance terrorist activities and the proliferation of weapons of mass destruction posed significant risks to the

¹⁷The statutes criminalizing money laundering also include additional related activity, such as using illegally gained proceeds in transactions with the intent to engage in tax evasion. See 18 U.S.C. §§ 1956-57.

¹⁸See 18 U.S.C. §§ 1956(c)(7), 1961(1).

¹⁹Department of the Treasury, *National Money Laundering Risk Assessment 2018*.

United States.²⁰ Finally, Congress found in the USA PATRIOT Act that money laundering undermines the integrity of U.S. banks and financial institutions and the international global financial and trading system.²¹

The BSA/AML framework is designed to simultaneously prevent criminals from using private individuals, banks, and other financial institutions to launder the proceeds of their crimes and to detect those criminals who have successfully used the system to launder those proceeds. The BSA authorizes Treasury to impose reporting, recordkeeping, and other AML requirements on banks. By complying with BSA/AML requirements, banks assist government agencies in the detection and prevention of money laundering, terrorist financing, and other crimes. Law enforcement agencies, in turn, can use the information compiled by banks to detect and deter criminal activity by investigating and prosecuting criminal actors.

Bank Secrecy Act/Anti-Money Laundering Requirements

All federally regulated banks are required to establish BSA/AML compliance programs and meet certain other regulatory requirements. In general, banks must comply with the following due diligence, reporting, compliance program, recordkeeping, and other BSA/AML requirements.

Customer due diligence requirements. Banks are responsible for implementing appropriate risk-based due diligence procedures, which include verifying customer identities and understanding the potential risks associated with their customers. Customer due diligence has four core elements. First, banks must have procedures for collecting minimum identifying information from customers at account opening and using that information to verify the identity of the customer (known as a customer identification program).²² Second, for legal entity customers, such as corporations or limited liability companies, banks must collect and verify

²⁰Department of the Treasury, *National Terrorist Financing Risk Assessment 2018* (Washington, D.C.: Dec. 20, 2018) and *National Proliferation Financing Risk Assessment 2018* (Washington, D.C.: Dec. 20, 2018).

²¹USA PATRIOT Act, Pub. L. No. 107-56, § 302(a)(3) (2001).

²²At a minimum, banks must generally obtain the customer's name, date of birth, address, and identification number, such as a Social Security number. See 31 C.F.R. § 1020.220(a)(2)(i).

this minimum information for certain beneficial owners of the legal entity.²³ Third, banks must establish risk-based customer due diligence procedures that enable them to understand the nature and purpose of the customer relationship and develop a customer risk profile.²⁴ Under certain conditions, banks also must conduct additional due diligence for certain higher risk customers.²⁵ Finally, banks must conduct ongoing monitoring to identify and report suspicious activity and, on a risk basis, maintain and update customer information (see fig. 1).²⁶

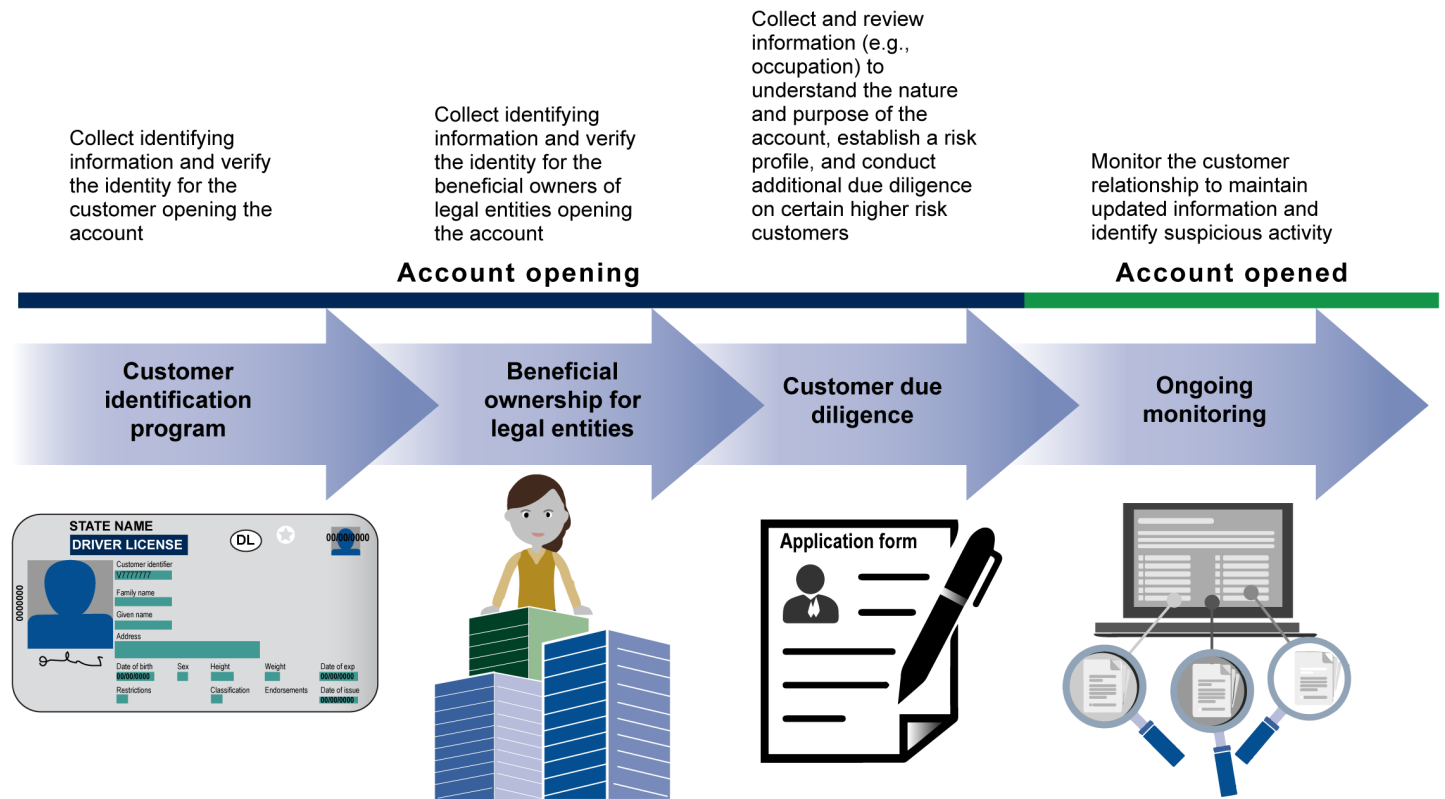
²³Beneficial owners whose information banks must collect include (1) an individual with significant responsibility to manage the legal entity, such as a chief executive officer, and (2) any individuals who, directly or indirectly, own 25 percent or more of the equity interests in the legal entity. See 31 C.F.R. § 1010.230.

²⁴See 31 C.F.R. § 1020.210(b)(5)(i).

²⁵For example, banks must conduct enhanced due diligence for foreign correspondent accounts established for certain foreign banks. See 31 C.F.R. § 1010.610. In addition, banks must conduct special due diligence for private accounts owned by senior foreign political figures. See 31 C.F.R. § 1010.620. Consistent with a risk-based approach, certain types of potentially higher-risk customers and accounts may also warrant additional due diligence, such as politically exposed persons or money services businesses.

²⁶See 31 C.F.R. § 1020.210(b)(5)(ii).

Figure 1: Customer Due Diligence Requirements Banks Must Meet during and after Opening New Accounts



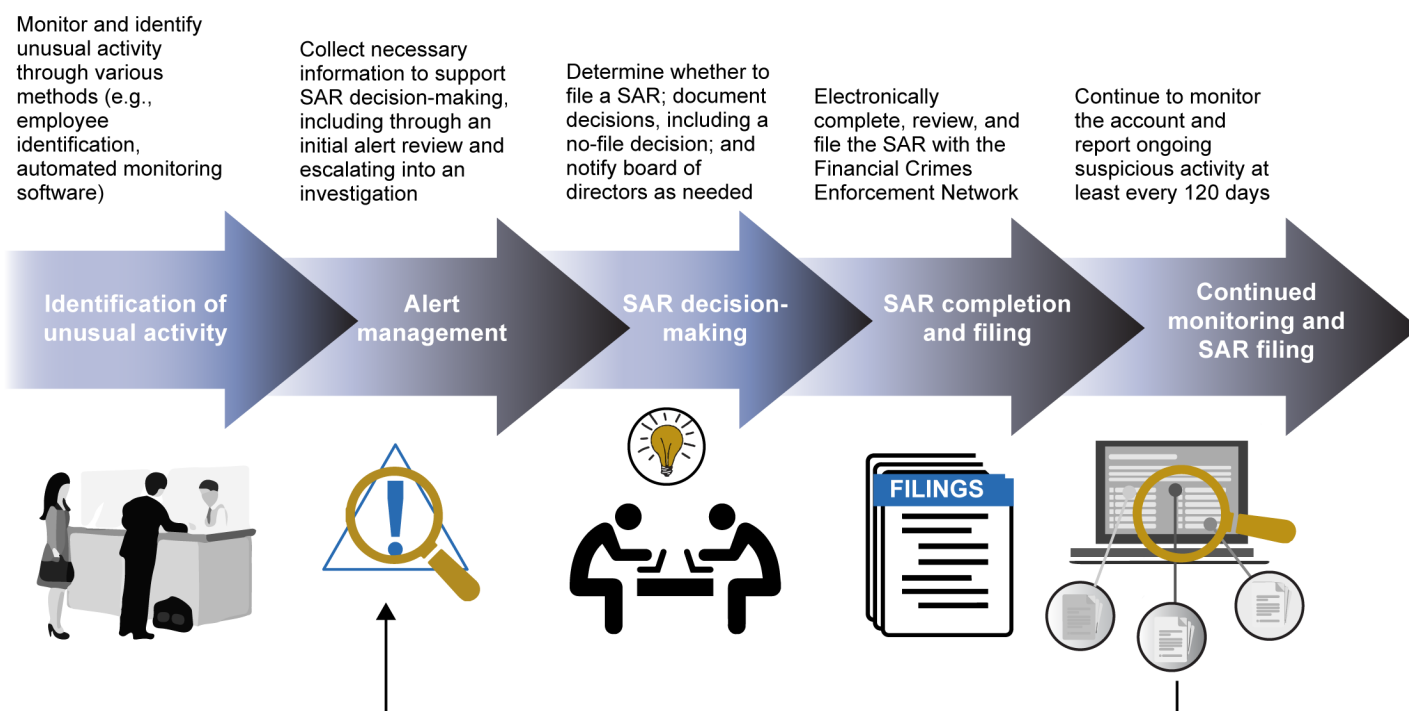
Source: GAO analysis of Bank Secrecy Act statutes, regulations, and the Federal Financial Institutions Examination Council's *Bank Secrecy Act/Anti-Money Laundering Examination Manual*. | GAO-20-574

Reporting requirements. Banks are required to submit reports to FinCEN when customer and bank activities meet certain criteria.²⁷ In particular, banks must have appropriate internal controls in place to monitor and identify suspicious activity and are required to file a SAR when a transaction involves or aggregates \$5,000 or more in funds or other assets and the bank knows, suspects, or has reason to suspect that

²⁷BSA/AML regulatory requirements also have recordkeeping and retention components. For example, banks must retain identifying information obtained at account openings for 5 years after the account is closed. Similarly, banks must also retain a record of SARs and CTRs for 5 years after filing.

the transaction is suspicious.²⁸ According to FFIEC’s examination manual, effective suspicious activity monitoring and reporting frameworks generally include five components: (1) identification of unusual activity, (2) alert management, (3) SAR decision-making, (4) SAR completion and filing, and (5) continued monitoring and SAR filing (see fig. 2).

Figure 2: Key Components of a Suspicious Activity Report (SAR) Monitoring and Reporting Framework



Source: GAO analysis of the Federal Financial Institutions Examination Council’s *Bank Secrecy Act/Anti-Money Laundering Examination Manual*. | GAO-20-574

²⁸A transaction is suspicious and requires reporting if it involves or aggregates at least \$5,000 in funds or assets and the bank knows, suspects, or has reason to suspect that it (1) involves funds derived from illegal activities, potential money laundering, or other illegal activity; (2) is designed to evade the BSA or its implementing regulations; or (3) has no business or apparent lawful purpose or is not the type of transaction in which the customer would normally be expected to engage and the bank knows of no reasonable explanation after examining the available facts. 31 C.F.R. § 1020.320. Each federal banking regulator has also established additional criteria for the filing of a SAR by financial institutions under their supervision, such as a requirement to file a SAR for suspicious activity involving suspected insider abuse at any dollar amount. See 12 C.F.R. §§ 21.11, 163.180 (OCC); 208.62 (Federal Reserve); 748.1(c) (NCUA); 353.3 (FDIC).

Banks also are generally required to file CTRs for each transaction in currency of more than \$10,000.²⁹ Under certain conditions, a bank may exempt certain customers from the CTR reporting requirement, but it generally must first file a report (known as a Designation of Exempt Person report) and review the customer's continued eligibility for an exemption annually.³⁰ Additionally, banks are generally required to report (1) the international transportation of currency and monetary instruments in excess of \$10,000 and (2) foreign bank and financial accounts that exceed the same amount.³¹

Compliance program requirements. Banks must maintain written, board-approved compliance programs that are designed to provide reasonable assurance of and monitor compliance with the BSA/AML regulatory requirements and align with the bank's unique money laundering, terrorism financing, and other illicit financial activity risks. At a minimum, the BSA/AML compliance program must include four elements: (1) a system of internal controls to assure compliance, (2) independent testing for compliance by bank personnel or an outside party, (3) training for appropriate personnel, and (4) a designated individual or individuals responsible for coordinating and monitoring day-to-day compliance

²⁹A bank must also aggregate transactions and treat multiple currency transactions totaling more than \$10,000 during the same business day as a single transaction if it has knowledge that they are by or on behalf of the same person. See 31 C.F.R. § 1010.313.

³⁰The Money Laundering Suppression Act of 1994 exempted financial institutions from CTR reporting requirements for certain entities. See Pub. L. No. 103-325, §402, 108 Stat. 2160, 2243-45 (1994) (codified at 31 U.S.C. § 5313). The regulations implementing the act exempt transactions by banks' domestic operations; U.S. governmental departments, agencies, or entities that exercise governmental authority; listed public companies and their subsidiaries; and smaller businesses and payroll customers that meet specific criteria. 31 C.F.R. § 1020.315(b). However, certain types of organizations are not eligible for all exemptions, such as accounting firms, pawnshops, and real estate brokerages, among others. See 31 C.F.R. § 1020.315(e)(8).

³¹Banks that physically transport, mail, or ship currency or monetary instruments of more than \$10,000 at one time out of or into the United States must generally file a Report of International Transportation of Currency or Monetary Instruments, unless mailed or shipped through the postal service or a common carrier. 31 C.F.R. 1010.340(c). Banks with a financial interest in, or signature or other authority over, a financial account in a foreign country must generally file a Report of Foreign Bank and Financial Accounts with FinCEN on or before June 30 of each calendar year for accounts whose aggregate exceeded \$10,000 at any time during the previous calendar year. A bank must file reports on its own accounts and it may be obligated to file reports for customer accounts if the bank has a financial interest in, or signature or other authority over, the account. See 31 C.F.R. § 1010.350.

(commonly known as a BSA officer).³² Although not explicitly required, well-developed and updated risk assessments of products, services, customers, and locations help banks better understand their unique risks and assure that their compliance programs meet regulatory requirements.

Information sharing, recordkeeping, and other requirements. Banks are required to search their records when requested, maintain records for certain types of transactions, and take targeted actions as requested. The regulations implementing Section 314(a) of the USA PATRIOT Act require that banks search their records for certain subjects of investigations provided by FinCEN. FinCEN generally provides such requests to banks every 2 weeks and requires that they report any matches back within 14 days.³³ Banks also are generally required to collect and retain identifying and other information for each funds transfer of \$3,000 or more and for purchases in currency of monetary instruments of \$3,000 to \$10,000.³⁴ Finally, banks must take special measures against targets of primary money laundering concern identified by Treasury, such as additional recordkeeping, reporting, and account closures.³⁵

³²The compliance program must also include risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements.

³³FinCEN receives requests from law enforcement agencies with an investigative subject's name and other identifying information, such as address or Social Security number and an agency contact, for inclusion in its 314(a) list. See 31 CFR § 1010.520.

³⁴A funds transfer is defined as a series of transactions, beginning with the originator's payment order, made for the purpose of making payment to the beneficiary of the order. See 31 C.F.R. § 1010.100(w). Monetary instruments include bank checks or drafts, foreign drafts, money orders, cashier's checks, and traveler's checks. For applicable purchases of monetary instruments by a customer without an established depository account, the bank must also collect and retain the customer's address, date of birth, and identification number. See 31 C.F.R. § 1010.415.

³⁵Targets of primary money laundering concern may include foreign jurisdictions and foreign financial institutions, classes of international transactions, or types of accounts. See 31 U.S.C. § 5318A(a)(1). For example, in November 2019, FinCEN used its special measures authority to issue a final rule prohibiting the opening or maintaining of correspondent accounts in the United States for, or on behalf of, Iranian financial institutions and the use of foreign financial institutions' correspondent accounts at covered U.S. financial institutions to process transactions involving Iranian financial institutions. Since 2004, Treasury has imposed special measures against 10 financial institutions or jurisdictions and subsequently rescinded four of these 10 final rules.

Many Law Enforcement Agencies Reported Routinely Using BSA Reports for Investigations, but FinCEN Lacks Policies and Procedures to Promote Greater Use

Our survey found that law enforcement personnel at six federal agencies reported using BSA reports extensively to inform investigations and prosecutions from 2015 through 2018. However, our analysis of FinCEN's data on agencies with access to BSA reports also found that many law enforcement agencies, particularly local agencies, are not using BSA reports to assist their investigations and related activities. This is, in part, because FinCEN lacks written policies and procedures to promote greater use of the reports. In addition, FinCEN is considering ways to collect information to measure the contribution of BSA reports to safeguarding the U.S. financial system, combating money laundering, and promoting national security.

Law Enforcement Reported Using BSA Reports Widely in Criminal Investigations, and Alternative Information Sources Were Often Less Efficient

To better understand how law enforcement agencies use BSA reports, we conducted a generalizable survey of investigators, analysts, and prosecutors (hereafter collectively referred to as law enforcement personnel) at six federal agencies about their use of BSA reports from 2015 through 2018.³⁶ The six agencies were DEA, FBI, HSI, IRS-CI, U.S. Attorneys' Offices, and Secret Service.³⁷ Our survey asked law enforcement personnel about their use of BSA reports to conduct four activities:

1. starting or assisting new criminal investigations (i.e., the period from developing or following up on a lead or an allegation until opening a case);
2. conducting or assisting ongoing criminal investigations;

³⁶The survey was conducted from November 9, 2019, through March 16, 2020. In total we surveyed 5,257 law enforcement personnel. We received responses from approximately 57 percent of the population surveyed (unweighted). See app. I for additional discussion of our survey methodology, and app. II for our detailed results.

³⁷These six federal agencies conducted approximately 57 percent of law enforcement agency searches of the BSA database for specific cases in 2018 (excluding search requests and searches conducted using downloaded data). Several of these agencies also had agreements with FinCEN to download the BSA database onto their agency's internal computer system. For additional discussion of our agency selection methodology and background on each of these agencies, see app. I.

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3. analyzing trends, patterns, or issues associated with criminal activities, separate from ongoing case work; and
 4. working on criminal prosecutions occurring after the person has been formally accused of a crime, including for civil or criminal asset forfeitures or for restitution purposes.³⁸

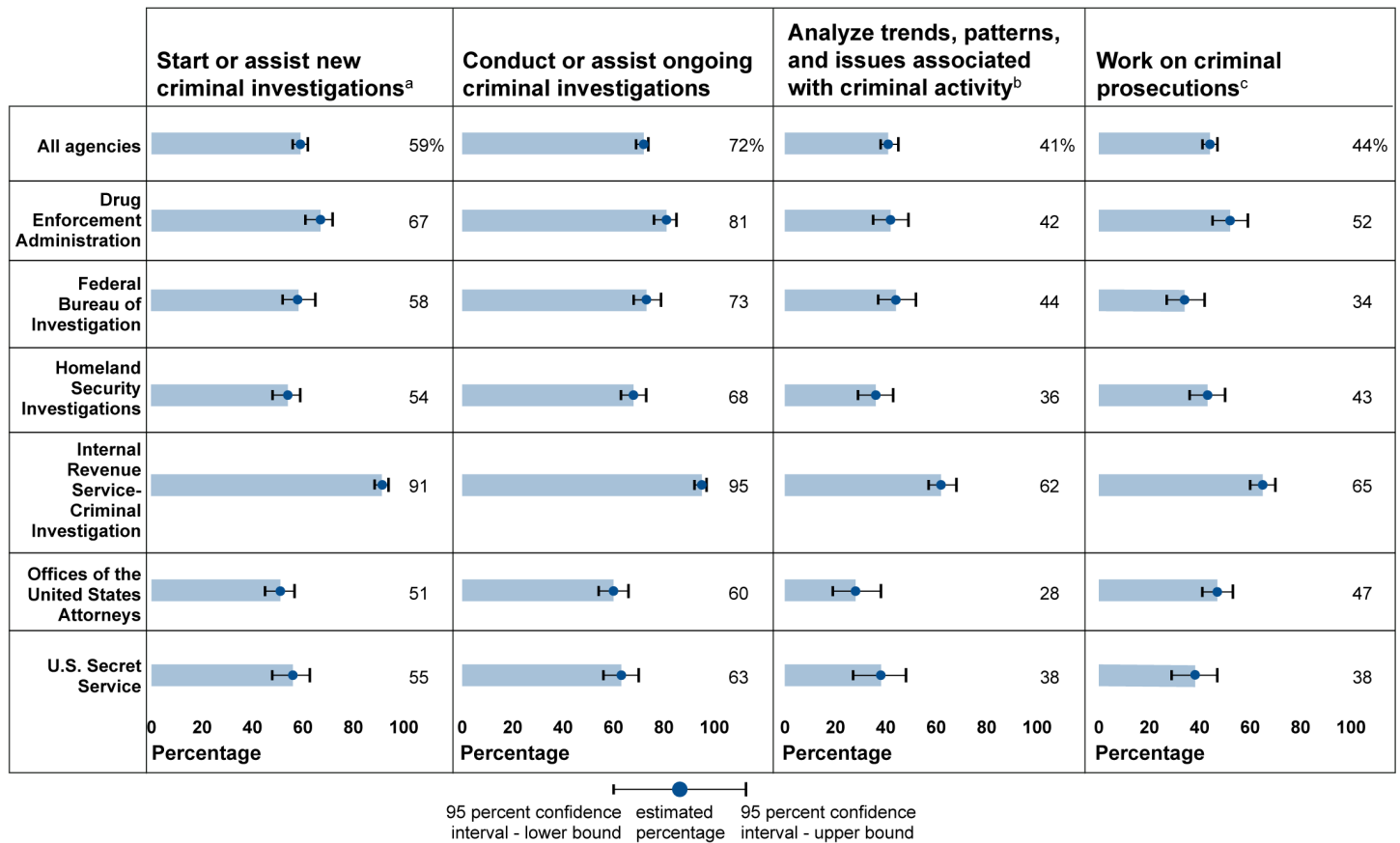
We found that law enforcement personnel at the six federal agencies we surveyed reported using BSA reports extensively to inform their activities from 2015 through 2018 (see fig. 3). Specifically, we estimated that 72 percent of personnel who conducted investigations from 2015 through 2018 used BSA reports in that work.³⁹ In addition, 59 percent of personnel who started a criminal investigation used BSA reports in those efforts.⁴⁰

³⁸According to Department of Justice officials, BSA reports are generally not used for civil cases, but may be used in civil asset forfeitures in money laundering cases and for collection of restitution payments.

³⁹The 95 percent confidence interval for this estimate is (69, 74).

⁴⁰The 95 percent confidence interval for this estimate is (56, 62).

Figure 3: Estimated Percentage of Law Enforcement Personnel Who Reported Using Bank Secrecy Act Reports to Conduct Various Activities, by Agency, 2015–2018



Source: GAO survey of law enforcement agencies. | GAO-20-574

Notes: We conducted a survey of 5,257 federal law enforcement personnel responsible for investigations, analysis, and prosecutions with the Drug Enforcement Administration, Federal Bureau of Investigation, Homeland Security Investigations, Internal Revenue Service-Criminal Investigation, Offices of the United States Attorneys, and U.S. Secret Service from November 9, 2019, through March 16, 2020. These agencies conducted approximately 57 percent of law enforcement agency searches of the Financial Crimes Enforcement Network’s Bank Secrecy Act (BSA) database for specific cases in 2018 (excluding search requests and searches conducted using downloaded data). Survey results are generalizable to the personnel responsible for investigations, analysis, and prosecutions at the six federal law enforcement agencies. The lower and upper bound of the 95 percent confidence intervals for our survey estimates are given at the left and right ends, respectively, of each whisker. Margin of error for all estimates is 10 percentage points or less at the 95 percent level of confidence. Bars do not sum to 100 percent because respondents could select multiple activities for which they conducted work.

^aThe period for starting a new criminal investigation is from developing or following up on a lead or allegation until opening a case.

^bFor purposes of our survey, we asked respondents to focus on analysis conducted separately from ongoing case work.

⁶Similarly, in considering criminal prosecutions, we asked respondents to focus on work that occurred after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes.

According to our survey, law enforcement personnel also reported using BSA reports to work on criminal prosecutions, but to a lesser degree than for investigations—an estimated 44 percent.⁴¹ According to law enforcement agency officials we spoke with, personnel working on a prosecution may be unaware that BSA reports initially were used to develop a case because of SAR confidentiality requirements.⁴² For example, an investigator may use a SAR or other BSA report to learn about and collect information on the subject's bank accounts. This information can then be used to help develop the case for prosecution. The personnel working on the prosecution would receive the account information but may not also receive the associated BSA report. As a result, those personnel may have an incomplete picture of the contribution of BSA reports to their activities, according to law enforcement agency officials.

Our survey indicates that some agencies reported using BSA reports more frequently than others. This may be explained by differences in the agencies' missions, including the extent to which they investigate and prosecute crimes with a financial component. In particular, our survey found that law enforcement personnel with IRS-CI used the reports for starting and conducting investigations and for analysis more frequently than the other five agencies. IRS-CI's mission is to investigate criminal violations of the tax code and related financial crimes, which include money laundering and BSA laws. In comparison, the other five agencies we surveyed have missions that include crimes that may not necessarily have a financial component, such as some violent crimes and immigration enforcement and border protection activities, or noninvestigative missions.⁴³ In addition, differences in agencies' processes for identifying reports for additional analysis and investigation may contribute to differences in the survey results. For example, according to FBI officials,

⁴¹The 95 percent confidence interval for this estimate is (41, 47).

⁴²Under the BSA and its implementing regulations, SARs generally are considered confidential and cannot be disclosed. In 2003, the Department of Justice issued guidance that stated that law enforcement agencies, including prosecutors, should consider SARs similar to confidential source information. See Department of Justice, *Disclosure of Suspicious Activity Reports (SARs)*, Criminal Division (Washington, D.C.: July 8, 2003).

⁴³App. I includes a description of the mission and priority criminal focus areas of each of the agencies we surveyed.

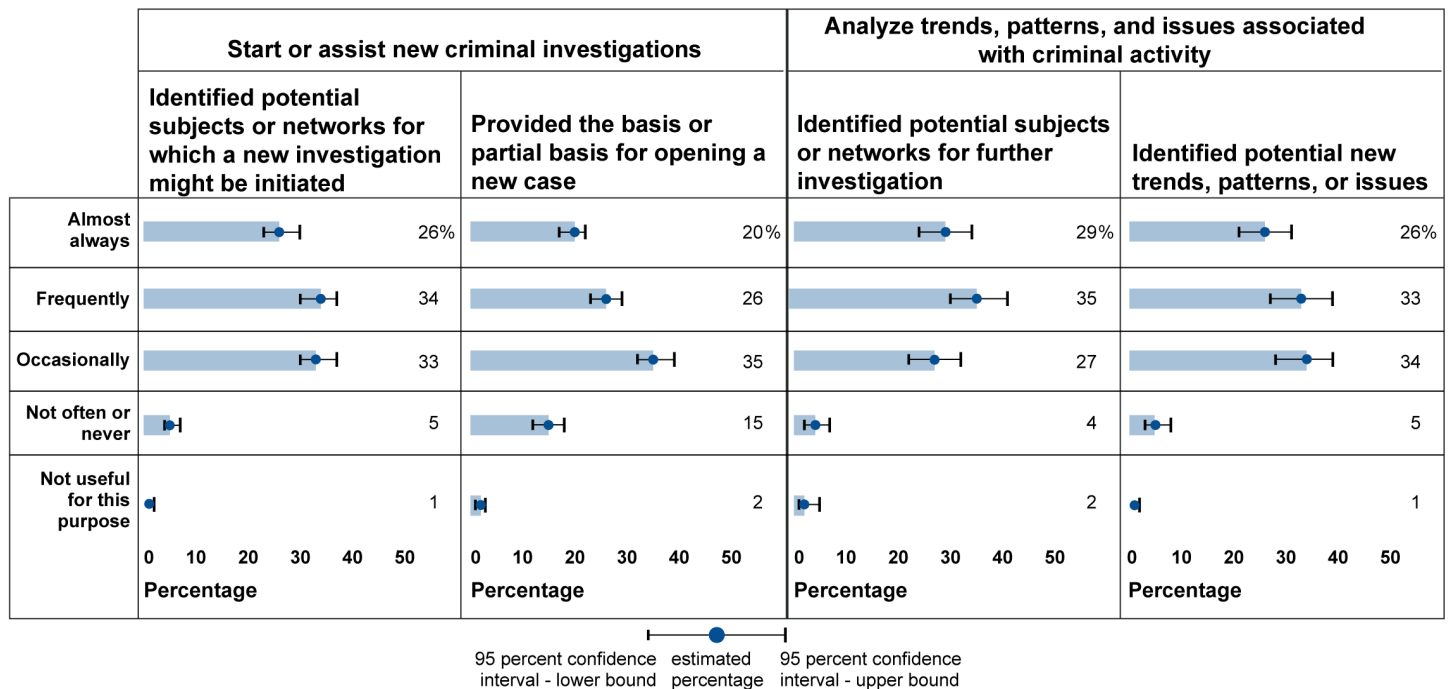
the FBI has a centralized process to electronically review and analyze all BSA reports and distribute the results for further investigation and analysis. As a result, individual personnel may not be aware of the extent to which BSA reports have contributed to their activities.

Types of Information Provided by BSA Reports

Information to identify new subjects or trends. According to our survey, law enforcement personnel who used BSA reports from 2015 through 2018 reported often finding relevant BSA reports to identify new subjects or trends (see fig. 4). For example, we estimated that 93 percent of law enforcement personnel who used BSA reports to start investigations almost always, frequently, or occasionally found relevant reports to identify potential subjects or networks from which a new investigation might be initiated.⁴⁴

Figure 4: Estimated Frequency with Which Law Enforcement Personnel Who Reported Using BSA Reports Found Relevant Reports to Identify New Subjects or Trends, 2015–2018

Survey question: From 2015 through 2018, how frequently did you find Bank Secrecy Act (BSA) reports that were relevant for the following purposes when (a) starting or assisting criminal investigations or (b) analyzing trends, patterns, or issues associated with criminal activity?^a



Source: GAO survey of law enforcement agencies. | GAO-20-574

⁴⁴The 95 percent confidence interval for this estimate is (91, 95).

Notes: We conducted a survey of 5,257 federal law enforcement personnel responsible for investigations, analysis, and prosecutions with the Drug Enforcement Administration, Federal Bureau of Investigation, Homeland Security Investigations, Internal Revenue Service-Criminal Investigation, Offices of the United States Attorneys, and U.S. Secret Service from November 9, 2019, through March 16, 2020. These agencies conducted approximately 57 percent of law enforcement agency searches of the Financial Crimes Enforcement Network's BSA database for specific cases in 2018 (excluding search requests and searches conducted using downloaded data). Survey results are generalizable to the personnel responsible for investigations, analysis, and prosecutions at the six federal law enforcement agencies we surveyed who used BSA reports in their work. The lower and upper bound of the 95 percent confidence intervals for our survey estimates are given at the left and right ends, respectively, of each whisker. Margin of error for all estimates is 6 percentage points or less at the 95 percent level of confidence.

^aFor the purposes of our survey, we asked respondents to focus on analysis conducted separately from ongoing case work.

According to law enforcement agency officials, agencies use a variety of techniques to identify BSA reports from which investigations might be started. For example, agencies participate in SAR review teams—multiagency teams of federal, state, and local law enforcement agencies that cover all of the 94 judicial districts.⁴⁵ These teams periodically review SARs filed in their geographic area to identify cases for investigation. In addition, officials from three of the six agencies stated that their agencies had formal processes to periodically search the BSA database (often for specific types of crimes or geographic areas) to identify reports for investigation or analysis and provide this information to personnel.⁴⁶ Based on our survey, we estimated that 68 percent of personnel who used BSA reports almost always, frequently, or occasionally found relevant reports through a referral or alert from their or another agency.⁴⁷ Finally, law enforcement agency officials told us that individual law enforcement personnel search the database to find potential cases for investigation or analysis.

Agencies measure the extent to which each SAR or other BSA report is reviewed in various ways. For example, according to FinCEN officials,

⁴⁵SAR review teams are composed of federal, state, and local law enforcement agencies. The teams are located across the country and are responsible for coordinating follow-up investigations stemming from analysis of SARs and other BSA reports. According to IRS-CI, the teams meet monthly to review SARs received from financial institutions in a judicial district.

⁴⁶According to agency officials, periodic database searches often used key word searches, which allowed agencies to search information in SAR narratives, or personnel would search by type of suspected crime.

⁴⁷Referrals, alerts, or analysis (including lead packages) came from one of the six agencies, another agency, a SAR review team, or a task force. The 95 percent confidence interval for this estimate is (64, 71).

FinCEN's system can determine whether a BSA report has been viewed or downloaded by agencies with direct access to search its database.⁴⁸ As of December 2019, FinCEN reported that at least 60 percent of all SARs filed had been reviewed by law enforcement agencies.⁴⁹ Further, according to FinCEN officials, as of December 2018, 10 federal agencies, including the FBI, had agreements to periodically download the BSA database into their internal computer systems. Although FinCEN does not track the number of searches of the BSA database conducted by agencies that download the database into their internal computer systems, according to FBI officials, 100 percent of BSA reports, including SARs, are searched electronically by the FBI on its internal computer system. FBI officials explained that they use data analytics to systematically review each report to identify new cases as well as for other uses, as discussed below.

Information to expand ongoing investigations and prosecutions. Our survey also indicated that law enforcement personnel often reported finding relevant BSA reports to expand the scope of investigations and prosecutions (see fig. 5). Specifically, we estimated that 92 percent of law enforcement personnel who used BSA reports for investigations almost always, frequently, or occasionally found relevant BSA reports to identify additional information about the subject.⁵⁰ Similarly, our survey estimated that law enforcement personnel who used reports during a prosecution almost always, frequently, or occasionally found relevant BSA reports that led to additional charges or additional defendants (83 and 78 percent of the time, respectively).⁵¹

⁴⁸As discussed later in this report, FinCEN manages an electronic database of SARs, CTRs, and other BSA reports that personnel with certain law enforcement agencies can access directly to search for reports relevant to their investigations and prosecutions.

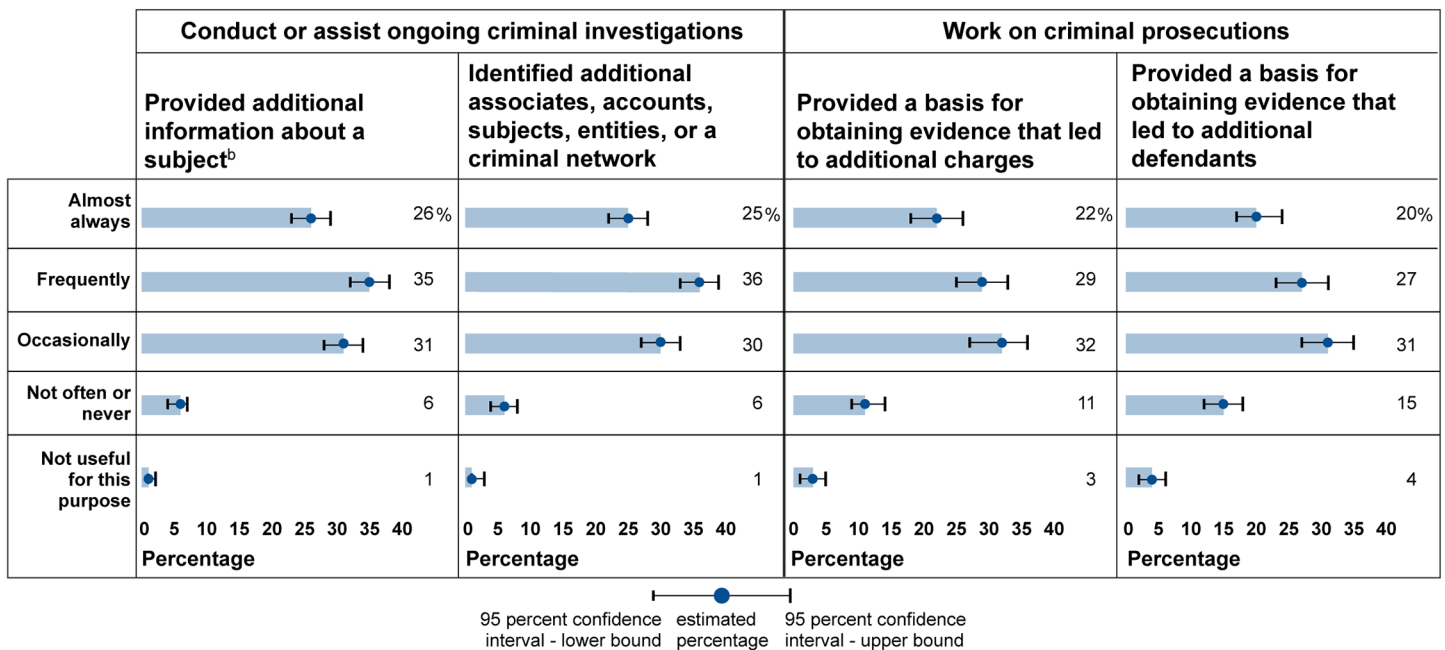
⁴⁹Financial Crimes Enforcement Network, "Prepared remarks of FinCEN Director Kenneth A. Blanco" (delivered at the American Bankers Association/American Bar Association Financial Crimes Enforcement Conference, Dec. 10, 2019).

⁵⁰The 95 percent confidence interval for this estimate is (90, 94). Additional information provided by a BSA report could include a subject's contact information, Internet Protocol address, alternate names and addresses, and occupation or employer, among other things.

⁵¹The 95 percent confidence intervals for these estimates are (79, 86) and (74, 82), respectively.

Figure 5: Estimated Frequency with Which Law Enforcement Personnel Who Reported Using BSA Reports Found Relevant Reports to Expand the Scope of Ongoing Investigations and Prosecutions, 2015–2018

Survey question: *From 2015 through 2018, how frequently did you find Bank Secrecy Act (BSA) reports that were relevant for the following purposes when (a) conducting or assisting criminal investigations or (b) working on criminal prosecutions?^a*



Source: GAO survey of law enforcement agencies. | GAO-20-574

Notes: We conducted a survey of 5,257 federal law enforcement personnel responsible for investigations, analysis, and prosecutions with the Drug Enforcement Administration, Federal Bureau of Investigation, Homeland Security Investigations, Internal Revenue Service-Criminal Investigation, Offices of the United States Attorneys, and U.S. Secret Service from November 9, 2019, through March 16, 2020. These agencies conducted approximately 57 percent of law enforcement agency searches of the Financial Crimes Enforcement Network’s BSA database for specific cases in 2018 (excluding search requests and searches conducted using downloaded data). Survey results are generalizable to the personnel responsible for investigations, analysis, and prosecutions at the six federal law enforcement agencies we surveyed who used BSA reports in their work. The lower and upper bound of the 95 percent confidence intervals for our survey estimates are given at the left and right ends, respectively, of each whisker. Margin of error for all estimates is 4 percentage points or less at the 95 percent level of confidence.

^aFor the purposes of our survey, we asked respondents to focus on work that occurred after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes.

^bAdditional information could include, for example, the subject’s contact information or Internet Protocol address.

Agencies use a variety of techniques to help ensure personnel are identifying BSA reports relevant to an ongoing investigation or prosecution, according to law enforcement agency officials we spoke with. For example, the FBI uses a BSA Alert System that performs

monthly searches of the BSA database to identify reports that contain information relevant to open cases (e.g., transactions engaged in by suspects) and emails the results to case agents. In addition, database users can set alerts to notify them of updates on certain subjects or activities (such as a new SAR or CTR on a subject of interest). These approaches can help ensure that law enforcement agencies consider new reports as their investigation or prosecution evolves over time.

Information to help with other aspects of investigations, analysis, and prosecutions. According to our survey, law enforcement personnel often reported finding relevant BSA reports for other aspects of their investigative, analytical, and prosecutorial work, including the following:

- **Identifying assets for possible forfeiture or restitution.** We estimated that most personnel who used BSA reports during an investigation or prosecution reported finding relevant reports to help identify assets, including for forfeiture or restitution.⁵² According to law enforcement officials we spoke with, investigators and prosecutors use information about a subject's assets to help prioritize investigations and to pursue forfeiture or restitution.
- **Confirming known information about a subject.** According to our survey, an estimated 93 percent of law enforcement personnel who reported using BSA reports for investigations almost always, frequently, or occasionally found relevant reports to confirm information about a subject, and 93 percent who reported using them for analysis almost always, frequently, or occasionally found relevant reports to confirm previously identified trends, patterns, or issues.⁵³ Finding corroborating evidence to verify the basic facts about a subject, for example, provides important information to law

⁵²Specifically, we estimated that 78 percent of personnel who used BSA reports during an investigation almost always, frequently, or occasionally found relevant reports to identify assets for forfeiture or restitution (with a 95 percent confidence interval of (75, 81)). According to law enforcement agency officials with two agencies, personnel responsible for investigations may work with an investigative specialist to assist with forfeiture investigations. Similarly, 80 percent of personnel who used BSA reports while working on prosecutions almost always, frequently, or occasionally found relevant reports to help obtain asset forfeiture (76, 84) and 69 percent found relevant reports to help obtain restitution following a judgment (65, 73).

⁵³The 95 percent confidence interval for the estimate for law enforcement personnel who used BSA reports when conducting investigations to verify or confirm known information about a subject was (92, 95) and for personnel who used the reports to analyze trends, patterns, and issues associated with criminal activity (separate from ongoing case work) was (90, 95).

enforcement personnel to confirm the accuracy of their existing work and help ensure they are using resources appropriately, according to law enforcement officials from two agencies we spoke with.

- **Eliminating an investigation or narrowing the scope.** We estimated that 61 percent of personnel who reported using BSA reports in their investigations almost always, frequently, or occasionally found relevant reports to help eliminate or narrow the scope of the investigation, and 82 percent of personnel who reported using them as part of their analysis (separate from work on specific cases) almost always, frequently, or occasionally found relevant reports to help eliminate misleading trends, patterns, or issues—potentially saving resources by allowing personnel to shift to other work.⁵⁴

According to law enforcement agency officials we spoke with, personnel use every component of a BSA report to identify potentially useful information.

Crimes for Which BSA Reports Were Used

Our survey results indicate that law enforcement personnel at the six federal agencies we surveyed reported using BSA reports to investigate, analyze, and prosecute a broad range of crimes from 2015 through 2018 (see fig. 6).⁵⁵ We asked personnel who used BSA reports in their investigations, analysis, and prosecutions about the types of crimes for which they used BSA reports. Of the personnel who had worked on financial and other fraud cases, we estimated that 89 percent used BSA reports for those cases.⁵⁶ Of the personnel who had worked on money laundering cases, we estimated that 86 percent used BSA reports for that work.⁵⁷ Those law enforcement personnel who had worked on cases related to drug trafficking or organized criminal enterprises also frequently used the reports—74 percent of personnel and 69 percent of personnel, respectively.⁵⁸

⁵⁴The 95 percent confidence intervals for these estimates are (58, 64) and (77, 86), respectively.

⁵⁵We identified key criminal activities that generate illicit proceeds based on analysis of Treasury's 2018 *National Strategy for Combating Terrorist and Other Illicit Financing*.

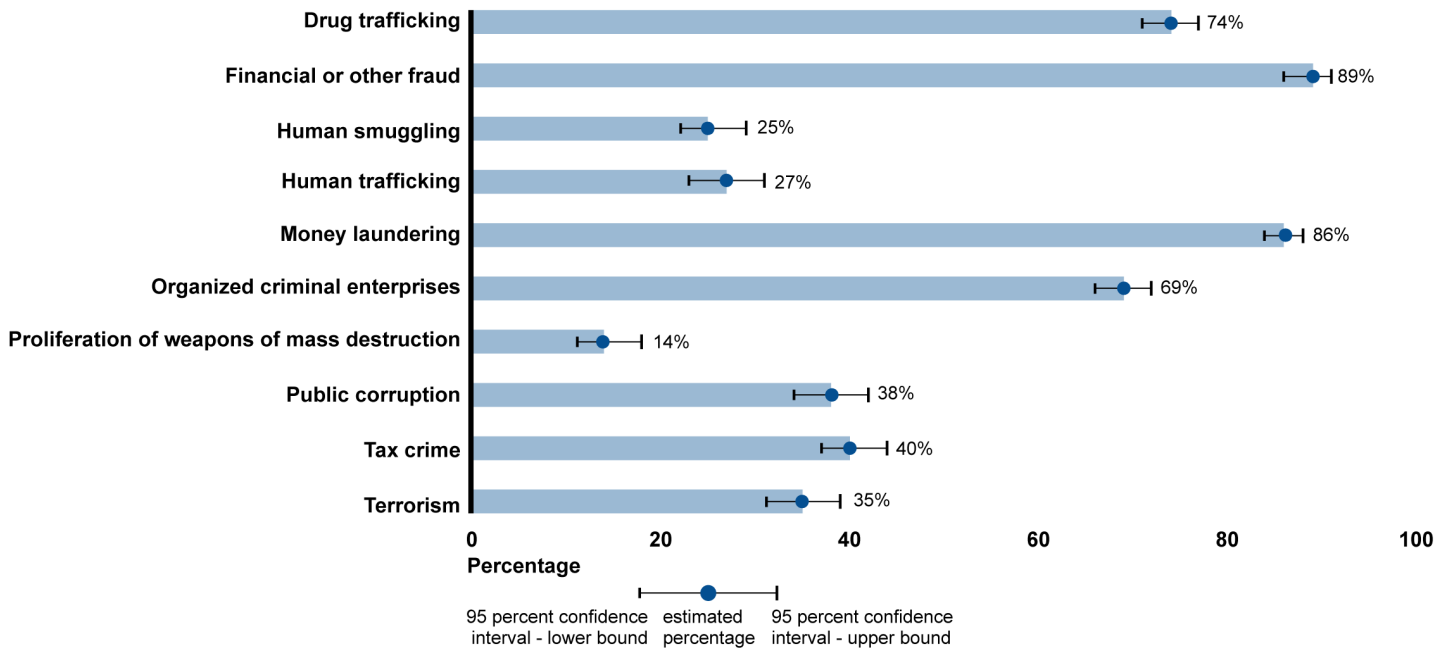
⁵⁶The 95 percent confidence interval for this estimate is (86, 91).

⁵⁷The 95 percent confidence interval for this estimate is (84, 88).

⁵⁸The 95 percent confidence intervals for these estimates are (71, 77), and (66, 72), respectively.

Figure 6: Estimated Percentage of Law Enforcement Personnel Who Reported Using BSA Reports to Work on Various Crimes, 2015–2018

Survey question: *From 2015 through 2018, did you use Bank Secrecy Act (BSA) reports for your work on criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions for any of the following potential crimes?^a*



Source: GAO survey of law enforcement agencies. | GAO-20-574

Notes: We surveyed 5,257 federal law enforcement personnel responsible for investigations, analysis, and prosecutions with the Drug Enforcement Administration, Federal Bureau of Investigation, Homeland Security Investigations, Internal Revenue Service-Criminal Investigation, Offices of the United States Attorneys, and U.S. Secret Service from November 9, 2019, through March 16, 2020. These agencies conducted approximately 57 percent of law enforcement agency searches of the Financial Crimes Enforcement Network’s BSA database for specific cases in 2018 (excluding search requests and searches conducted using downloaded data). Survey results are generalizable to the personnel responsible for investigations, analysis, and prosecutions at the six federal law enforcement agencies we surveyed who used BSA reports in connection with their work. The lower and upper bound of the 95 percent confidence intervals for our survey estimates are given at the left and right ends, respectively, of each whisker. Margin of error for all estimates is 4 percentage points or less at the 95 percent level of confidence. Bars do not sum to 100 percent because respondents could select multiple crimes for which they conducted work. This survey question asked each respondent to select among “used,” “did not use,” or “do not work in this area” for each type of crime. To calculate the percentage who used BSA reports for a type of crime, we divided the number who selected “used” from the number who selected “used” plus “did not use” (excluding respondents who selected “do not work in this area” for that type of crime). For respondents who did not check a response for a particular crime, we assumed they did not use the reports in their work on that crime type.

^aFor the purposes of our survey, we asked respondents to focus on analysis conducted separately from ongoing case work. Similarly, in considering criminal prosecutions, we asked respondents to focus on work that occurred after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes.

In contrast, our survey found that among personnel who work on these respective crimes, fewer personnel reported using reports for their work on proliferation of weapons of mass destruction (14 percent), human smuggling (25 percent), and human trafficking (27 percent) from 2015 through 2018.⁵⁹ This difference may result from a lack of familiarity with the reports by personnel working in these areas. According to Department of Justice officials, the use of BSA reports by personnel working outside of fraud and money laundering—areas typically thought of as financial crimes—has increased over the last few years. In addition, some personnel who investigate or prosecute criminal activities in these other areas may have had difficulty identifying relevant BSA reports during this period. For example, human trafficking and human smuggling were added to the SAR form as separate suspicious activity categories in 2018. Before that time, personnel working in these areas did not have a systematic mechanism to identify potentially relevant reports when starting investigations or analyzing criminal activities.⁶⁰

Alternatives to BSA Reports

Our survey found that the majority of law enforcement personnel at six federal law enforcement agencies reported that they had no comparable alternative information source that was as efficient as using BSA reports (see fig. 7). Specifically, we estimated that at least 74 percent of law enforcement personnel who used BSA reports in their work on investigations, analysis, or prosecutions from 2015 through 2018 reported either having no alternative source of information or having an alternative source that was less efficient (that is, it involved more investigative steps).⁶¹

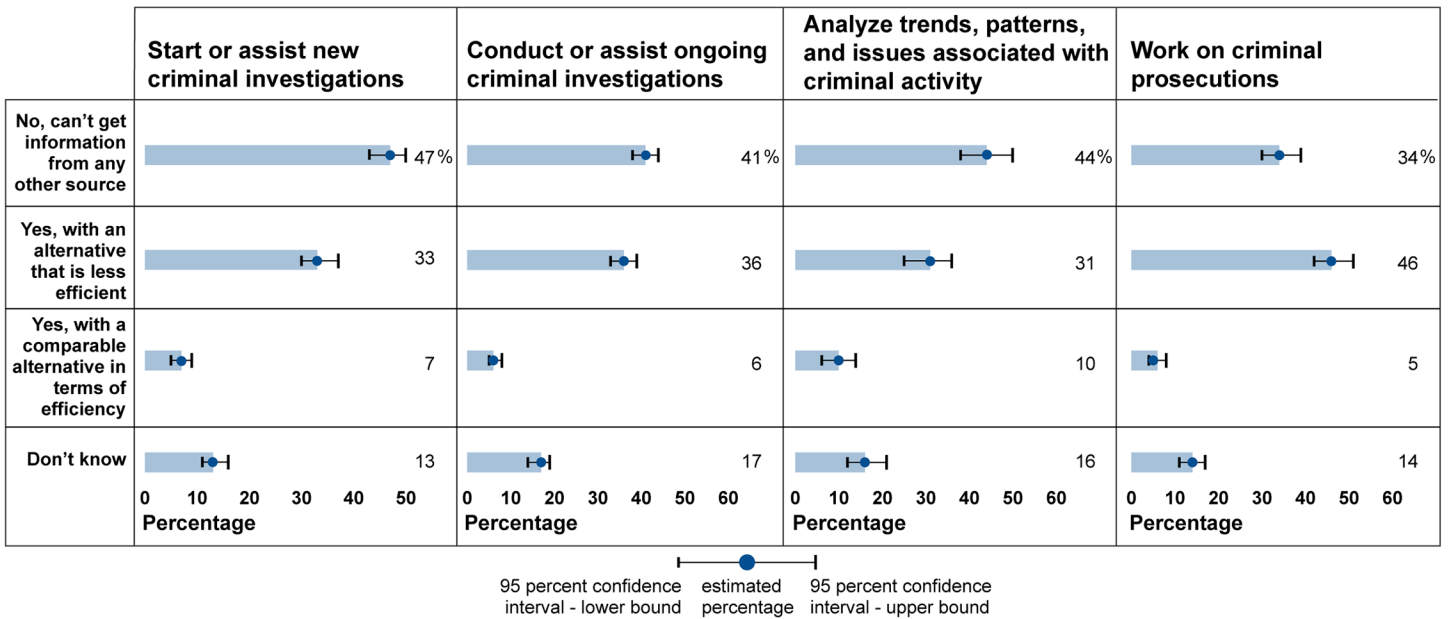
⁵⁹The 95 percent confidence intervals for these estimates are (11, 18), (22, 29), and (23, 31), respectively. In our survey, we defined human smuggling to include the illegal transportation and potential harboring of people who have consented to their travel for a fee and human trafficking to include the movement of nonconsenting persons, often across borders, potentially through force, fraud, or coercion.

⁶⁰In a 2014 advisory, FinCEN encouraged banks to use common terms to report on human smuggling and human trafficking activities in the written portion of the SAR. According to law enforcement agency staff we spoke with, agencies perform key word searches of SARs to identify reports on a specific topic or activity, but officials with two of the six law enforcement agencies we spoke with noted that the effectiveness of this approach can be limited because financial institutions may use different terms on the form to describe similar activities.

⁶¹The 95 percent confidence interval for this estimate is (69, 80).

Figure 7: Estimated Extent to Which Law Enforcement Personnel Who Used BSA Reports Reported They Could Have Obtained the Same Information through Other Means, by Activity, 2015–2018

Survey question: *Thinking about (1) starting or assisting criminal investigations; (2) conducting or assisting criminal investigations; (3) analyzing trends, patterns, and issues associated with criminal activity; and (4) working on criminal prosecutions, could you generally have obtained the same information you obtained through relevant Bank Secrecy Act (BSA) reports through other means?^a*



Source: GAO survey of law enforcement agencies. | GAO-20-574

Notes: We conducted a survey of 5,257 federal law enforcement personnel responsible for investigations, analysis, and prosecutions with the Drug Enforcement Administration, Federal Bureau of Investigation, Homeland Security Investigations, Internal Revenue Service-Criminal Investigation, Offices of the United States Attorneys, and U.S. Secret Service from November 9, 2019, through March 16, 2020. These agencies conducted approximately 57 percent of law enforcement agency searches of the Financial Crimes Enforcement Network’s BSA database for specific cases in 2018 (excluding search requests and searches conducted using downloaded data). Survey results are generalizable to the personnel responsible for investigations, analysis, and prosecutions at the six federal law enforcement agencies we surveyed who used BSA reports in their work. The lower and upper bounds of the 95 percent confidence intervals for our survey estimates are given at the left and right ends, respectively, of each whisker. Margin of error for all estimates is 6 percentage points or less at the 95 percent level of confidence. Respondents who completed the survey questions prior to this question, but did not check a response to this question were counted as “Don’t know.”

^aFor the purposes of our survey, we asked respondents to focus on analysis conducted separately from ongoing case work. In considering criminal prosecutions, we asked respondents to focus on work that occurred after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes.

According to law enforcement officials we spoke with, alternative information sources to BSA reports include subpoenas, warrants, and electronic and other surveillance, which typically are more time consuming for law enforcement personnel to execute. For example, to obtain records of a subject’s financial transactions, an investigator might

first need to use surveillance, informants, or other methods to identify the subject's banks. After identifying the institutions, the investigator would work with a prosecutor to obtain a subpoena for bank records and then have the subpoena served to the institution. Those records may, in turn, identify additional financial institutions where the subject has accounts, for which the investigator may seek additional subpoenas. According to an official with one law enforcement agency, this process can take weeks to months to execute. In comparison, an investigator could use a SAR to identify a subject's bank and request that the bank send certain bank records without a subpoena.⁶²

The Majority of Federal and State Law Enforcement Agencies Have Direct Access to BSA Reports and Have Increased Their Use of Them

FinCEN manages the BSA database that electronically stores SARs, CTRs, and other BSA reports that law enforcement agencies can use in investigations and prosecutions and has procedures to grant agencies direct access to search the database for relevant reports.⁶³ To obtain direct access, law enforcement agencies must enter into a memorandum of understanding with FinCEN that specifies the terms and conditions under which they agree to use the reports and protect their confidentiality.⁶⁴ According to our analysis of FinCEN's data, FinCEN had memorandums of understanding with 464 agencies as of December 2018, of which 318, or 69 percent, were with federal, state, or local law

⁶²Banks must provide all documentation supporting the filing of a SAR upon request by a law enforcement agency. Supporting documentation includes all documentation or records that assist a bank in making the determination that certain activity required a SAR filing.

⁶³Congress gave FinCEN responsibility for operating a government-wide data access service for SARs, CTRs, and other BSA reports. See 31 U.S.C. § 310(b)(2)(B). Treasury is further tasked with establishing and maintaining operating procedures that allow for the efficient retrieval of information from FinCEN's BSA database, including by cataloguing the information in a manner that facilitates rapid retrieval by law enforcement personnel of meaningful data. See 31 U.S.C. § 310(c).

⁶⁴According to FinCEN officials, ensuring appropriate use of the reports includes limiting access to personnel with an appropriate use for them and ensuring that the searches conducted are only for authorized purposes. FinCEN requires each agency with a memorandum of understanding to manage the process for providing access to individual users within that agency. This process includes conducting a background check before allowing new users to access the system. An agreement for agency personnel to access FinCEN's BSA database does not provide all personnel in that agency database access.

enforcement agencies.⁶⁵ The number of law enforcement agencies with direct access to the BSA database increased by 9 percent from 2014 through 2018, largely due to a 19 percent increase in the number of local law enforcement agencies with such access. (The other types of agencies with direct access include regulatory agencies, such as federal and state banking regulators; intelligence agencies; and other departments or independent agencies.⁶⁶)

According to our analysis of FinCEN's data, the majority of federal and state law enforcement agencies have direct access to the BSA database, and the vast majority of local law enforcement agencies do not. Specifically:

- **Federal agencies.** About 85 percent of federal law enforcement agencies had direct access to the database in 2018. This includes 68 percent of agencies with full-time federal law enforcement officers, such as DEA, FBI, Immigration and Customs Enforcement, and

⁶⁵We counted only those agencies with an active memorandum of understanding—meaning that they had a signed agreement with FinCEN and they had at least one registered user in that year, according to FinCEN's data. We counted agencies in the District of Columbia and in Puerto Rico as state agencies and excluded agencies in the remaining U.S. territories from our analysis. For purposes of our report, we considered law enforcement agencies to be those that employ full-time law enforcement officers or prosecute criminal activity, including the U.S. Attorneys' Offices, state attorney general offices, and local district attorneys' offices. We considered all state revenue authorities with a criminal investigation unit to be law enforcement agencies. Some personnel from other federal, state, and local agencies that serve on federal task forces, such as the DEA State and Local Task Force Program, may have access to the BSA database through the federal agency managing the task force. Use of the BSA database by task force personnel is limited to use for task force activities.

⁶⁶Federal and state regulatory agencies use BSA reports to help oversee financial institutions' compliance with BSA requirements. We previously reported on how supervisory agencies supervise, examine for, and enforce BSA compliance; see [GAO-19-582](#). According to federal banking agency officials, banking agencies also can use BSA reports to help identify illicit actors and activities in financial institutions, including by evaluating proposed applicants to lead institutions and identifying potential insider abuse or fraud.

Secret Service.⁶⁷ In addition, all 93 U.S. Attorneys' Offices had direct access.

- **State agencies.** Overall about 54 percent of state law enforcement agencies had direct access to the BSA database in 2018.⁶⁸ This included 49 of the 51 state police departments (including the District of Columbia and Puerto Rico).⁶⁹ In addition, 20 of the 52 state attorney general offices, or 38 percent, had direct access to the database. Finally, eight of the 35 state revenue offices with criminal investigation units, or 23 percent, had direct access to the database.⁷⁰
- **Local agencies.** Less than 1 percent of the local law enforcement agencies had access in 2018.⁷¹ These agencies include county and municipal police departments and district attorney offices in 23 states.

Database searches by federal, state, and local law enforcement agencies increased significantly from 2014 through 2018, according to our analysis

⁶⁷For the purposes of our review, federal law enforcement officers are full-time federal officers who are authorized to make arrests and carry firearms, excluding employees within intelligence and military agencies. In October 2019, the Department of Justice issued an updated list of federal agencies employing full-time federal law enforcement officers as of 2016. See Department of Justice, *Federal Law Enforcement Officers, 2016—Statistical Tables*.

⁶⁸For the purpose of this calculation, we limited the definition of state law enforcement agencies to (1) state police agencies (one per state), (2) state attorney general offices, and (3) state revenue offices with a criminal investigation unit.

⁶⁹Hawaii does not have an equivalent state police agency.

⁷⁰Not all state revenue offices have criminal investigation units.

⁷¹To calculate the percentage of local law enforcement agencies with direct access to FinCEN's BSA database, we used the Department of Justice's 2016 Law Enforcement Management and Administrative Statistics survey which estimates the number of local general purpose law enforcement agencies including municipal, county, and regional police departments and most sheriff's offices and excluding special-purpose agencies and sheriff's offices with only jail and court duties. For a summary of the survey results, see Department of Justice, *Local Police Departments, 2016: Personnel*.

of FinCEN data.⁷² Law enforcement agencies with direct access conducted searches for approximately 133,000 cases in 2018—a 31 percent increase from approximately 102,000 cases in 2014. Federal law enforcement agencies accounted for the majority of the cases (81 percent) involving a BSA database search by law enforcement agencies. The number of cases for which state and local law enforcement agencies searched the BSA database also increased during the period—by 19 percent and 48 percent, respectively.

FinCEN Lacks Written Policies and Procedures to Help Ensure That Agencies without Direct Access Use BSA Reports to the Greatest Extent Possible

In December 2019, FinCEN’s director said that because BSA reporting is so valuable, BSA reports must be used to the greatest extent possible.⁷³ Law enforcement agencies that investigate or prosecute financial and related crimes for which BSA reports could be useful do not all have direct access to the BSA database. Further, agencies without direct access face other hurdles that may limit their use of the database, but FinCEN has not developed written policies and procedures that mitigate such hurdles.

Our analysis identified the following examples of law enforcement agencies that investigate or prosecute financial and related crimes for which BSA reports could be useful but did not have direct access to the BSA database as of December 2018.⁷⁴

- Twenty-six federal law enforcement agencies, including at least two that investigate financial crimes and terrorism, did not have direct

⁷²FinCEN’s data on use of the database by agencies with direct access includes the number of cases (termed “searches” by FinCEN) worked on by users of the database. A case is an individual case, analysis, or examination conducted for which a user sought information from the database. In addition, according to FinCEN officials, as of December 2018, 10 federal agencies had agreements to periodically download the BSA database into their internal computer systems. Personnel in agencies with access to the downloaded data are able to search the database directly. FinCEN does not systematically collect information on the number of cases worked with these data, and therefore we have not included them in our analysis of use of the database. Finally, this analysis does not include searches conducted by FinCEN as part of federal agency background checks or on behalf of non-U.S. agencies.

⁷³Financial Crimes Enforcement Network, “Prepared remarks of FinCEN Director Kenneth A. Blanco.”

⁷⁴To identify examples of law enforcement agencies without direct access to the BSA database, we compared FinCEN’s data on law enforcement agencies with direct access to information from the Department of Justice, the National Association of Attorneys General, and our analysis of state revenue authorities. For additional information on our methodology, see app. I.

access. As discussed earlier, our survey found that investigators routinely reported using BSA reports in investigations, including to provide additional information about suspects and their financial records.

- Thirty-two state attorney general offices, including offices that prosecute criminal cases involving money laundering, such as organized crime, public corruption, and human trafficking, did not have direct access. Our survey found that personnel with U.S. Attorneys' Offices that used BSA reports in their prosecutions reported finding relevant BSA reports that led to additional charges or defendants and helped provide the basis to obtain a criminal conviction.
- Twenty-seven state revenue authorities with criminal investigation units, which are responsible for investigating state tax fraud, did not have direct access. Our survey estimated that 95 percent of investigators with IRS-CI, the equivalent federal law enforcement agency, reported using BSA reports in their work.⁷⁵
- Twenty-one of the 50 largest local police departments, which investigate crimes that could involve money laundering, such as drug trafficking, financial crimes, cybercrimes, terrorism, and human trafficking, did not have direct access.⁷⁶ For example, Ohio's two largest cities are among the 50 largest local police departments in the United States. A 2015 Ohio Department of Public Safety report found that some of the highest financial crime rates in the state were in those two cities; however, only one of the two local police departments in those cities had direct access to BSA reports.⁷⁷

According to FinCEN officials, the agency limits direct access to the BSA database to manage its oversight costs and to protect against improper access to BSA reports. FinCEN uses a set of criteria to score a law

⁷⁵The 95 percent confidence interval for this estimate is (92, 97).

⁷⁶This figure is based on the Law Enforcement Management and Administrative Statistics survey, 2016, conducted by the Department of Justice's Bureau of Justice Statistics. Large local police departments serve areas with a population of 100,000 or more. Department of Justice, *Local Police Departments, 2016: Personnel*.

⁷⁷Financial or economic crime encompasses counterfeiting, forgery, fraud, embezzlement, bribery, and passing bad checks. Ohio Department of Public Safety and Office of Criminal Justice Services, *Economic Crime in Ohio Report 2015*.

enforcement agency requesting direct access.⁷⁸ If the agency's total score does not reach the minimum threshold, then FinCEN denies the request. From 2015 through 2018, FinCEN denied approximately 39 percent of the 103 applications it received. To help ensure BSA reports are accessed only by authorized users for authorized purposes, FinCEN conducts annual inspections of law enforcement agencies with direct access. FinCEN also monitors searches to identify any irregular use.

Law enforcement agencies without direct access to the BSA database can request searches of the database to obtain BSA reports potentially relevant to their investigations and prosecutions. FinCEN created procedures to enable law enforcement agencies without direct access to request that FinCEN or a FinCEN state coordinator search the database for reports involving their investigations and prosecutions.⁷⁹ However, we found that relatively few state and local agencies requested such searches. Based on our analysis of FinCEN's and the Department of Justice's data, we estimated that between 4 and 8 percent of the more than 15,000 state and local police departments requested searches in 2018.⁸⁰ At the same time, according to the Department of Justice, approximately 87 percent of large local police departments and 24 percent of smaller local police departments designated personnel to investigate financial crimes.⁸¹

Our analysis of statements made by officials at six federal law enforcement agencies, five FinCEN state coordinators, and FinCEN staff found that agencies without direct access face hurdles that may limit their use of the database. These hurdles include the following:

- **Lack of knowledge about BSA reports and their potential uses.** According to FinCEN officials, they do not have policies and procedures to promote the use of BSA reports to law enforcement agencies without direct access. Officials said that they do not have a

⁷⁸The specific criteria to assess each of these areas vary depending on whether the applicant is from a federal, state, or local agency. The criteria include the number of staff, number of potential BSA database searches, location, and agency priorities.

⁷⁹According to FinCEN, each state has at least one agency that serves as the FinCEN state coordinator and conducts searches of the BSA database at the request of state and local agencies in that state.

⁸⁰See app. I for a discussion of our methodology.

⁸¹Large local police departments serve areas with 100,000 or more residents, and smaller local police departments serve areas with a population of fewer than 100,000 residents.

formal outreach strategy that targets agencies without direct access; have not assessed which federal, state, and local agencies without direct access could benefit from using BSA reports; and have not developed or distributed educational materials to help agencies without direct access better understand how they could use BSA reports to assist their investigations or prosecutions. FinCEN officials told us that they rely on law enforcement agencies to independently learn about BSA reports, including through training and from other agencies, and to then contact FinCEN to ask about using the reports for their activities. The five FinCEN state coordinators we spoke with told us that they were unsure of the extent to which state and local agencies without direct access were familiar with the BSA database or how it could support their work. Four of the five coordinators said they have tried to promote use of BSA reports as one of multiple resources provided by their agency, but had limited time and resources for such activities. One coordinator told us that he had never considered trying to promote BSA reports to other agencies in the state, and another said that FinCEN could do more outreach to certain law enforcement agencies in their state.

In contrast, FinCEN regularly contacts law enforcement agencies with direct access to the BSA database to help ensure it meets their needs. FinCEN officials told us that FinCEN surveys database users annually to assess their satisfaction and to identify ways to improve database functionality and users' experience. FinCEN also holds periodic training and outreach sessions to help ensure that personnel in agencies with direct access know how to use the database efficiently.⁸²

- **Procedures that limit report use.** State coordinators told us that a law enforcement agency requesting a search must provide the case number, which indicates that a formal investigation has been initiated. As a result, several law enforcement personnel told us that an agency would not be able to request a search to generate leads to start a new investigation. As discussed earlier, our federal law enforcement survey found that personnel frequently reported using searches of the BSA database to generate leads to start investigations. In addition, one state coordinator also told us that agencies without direct access may limit their requests to significant cases to avoid overburdening their state coordinator. Finally, agencies that request a search through another agency have limited ability to refine the search based on initial search results unless they request a new search. According to

⁸²FinCEN estimated that it trained about 5,600 personnel in fiscal year 2018 and about 8,000 personnel in fiscal year 2019.

officials at six federal law enforcement agencies, the ability to refine BSA searches based on the previous search findings is important to getting the largest benefit from the database.

Congress mandated that FinCEN operate a government-wide data access service for BSA reports and disseminate the available reports to identify possible criminal activity to appropriate federal, state, and local law enforcement agencies, among other things.⁸³ FinCEN is tasked with establishing and maintaining operating procedures that allow for the efficient retrieval of information from FinCEN's BSA database, including by cataloguing the information in a manner that facilitates rapid retrieval by law enforcement personnel of meaningful information.⁸⁴ Moreover, in its 2014–2018 strategic plan, one of FinCEN's strategic goals was to maximize sharing of financial intelligence with its partners by, among other things, operating a data access program. According to federal internal control standards, agencies should design control activities, such as policies and procedures, to achieve objectives and respond to risks.⁸⁵

However, our findings indicate that law enforcement agencies without direct access are likely not using BSA reports to the greatest extent possible. FinCEN's written policies and procedures do not specifically address how to achieve that outcome and overcome existing hurdles. Such policies and procedures could include the development and implementation of an outreach strategy, processes to assess which agencies without direct access could benefit from using BSA reports, and the development and distribution of educational materials to raise awareness about BSA reports and help agencies better understand how they could use them to assist their work. According to FinCEN officials, they recognize there is an opportunity to work more closely with FinCEN state coordinators to promote the value of BSA reports to local law enforcement agencies. By developing specific policies and procedures to promote greater use of BSA reports, FinCEN would help ensure that law enforcement agencies without direct access are using BSA reports to the greatest extent possible to combat money laundering and apprehend

⁸³31 U.S.C. § 310(b)(2)(B)-(E).

⁸⁴31 U.S.C. § 310(c)(1).

⁸⁵GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 14, 2014).

criminals, while continuing to safeguard this information from improper disclosure.

FinCEN Is Considering Ways to Systematically Collect Information on the Value of BSA Reports

Some law enforcement agencies collect certain statistical information on the role BSA reports play in investigations and prosecutions, among other things.⁸⁶ For example, IRS-CI reports annually on the number of BSA investigations the agency initiated.⁸⁷ It also collects internal data on the number of new investigations, indictments, convictions, and sentencing that were based on the work of the SAR review teams. Similarly, FBI collects information on how often a BSA report was directly linked to the main subject of an open investigation. Although it is not possible to directly link a report to an effect on the case's progression, these data provide insight into the extent to which BSA reports potentially are used to inform case activities.

Other law enforcement agencies told us that systematically tracking information on the outcomes from use of BSA reports is difficult because of policy or computer system limitations and the complexity of accurately assessing the contribution of one data source to such an outcome. For example, officials from the Department of Justice's Executive Office for United States Attorneys said that their case management system does not track if BSA reports were used to initiate or assist in a case. According to law enforcement agency officials we spoke with, measuring the contribution of BSA reports to any one case is difficult because they are one of many information sources used by law enforcement during the course of an investigation or prosecution.

Systematically collecting information on outcomes from use of BSA reports is essential to understanding the value of the program and a critical step toward streamlining and improving the program for the future. In 2019, FinCEN began a study with the goal of establishing a more rigorous and repeatable set of approaches to define and determine the value of BSA reporting to achieving the program's intended outcomes of safeguarding the U.S. financial system from illicit financial activity, combating money laundering, and promoting national security. In particular, FinCEN is seeking input on how to better identify, track, and

⁸⁶We previously reported on the extent to which FinCEN and law enforcement agencies produced metrics on the usefulness of BSA reporting in [GAO-19-582](#).

⁸⁷IRS publishes information on the number of BSA investigations in its annual reports. See, for example, Internal Revenue Service, *IRS: Criminal Investigation Annual Report 2019* (2019).

measure the value of BSA reporting on a recurring basis. According to FinCEN officials, FinCEN received the final report from the consultant in April 2020 and is in the process of developing plans to address the study's recommendations.

BSA/AML Compliance Cost Burden Varied Among Selected Banks, and Selected Banks Limited Higher-Risk Activities to Manage Costs

For the 11 banks we reviewed, individual banks' total direct costs for BSA/AML compliance in 2018 ranged from about \$14,000 to about \$21 million.⁸⁸ Compliance costs were higher in total for larger banks in our review but higher proportionately (as a percentage of noninterest expenses) for smaller banks. Customer due diligence requirements generally were the most costly compliance area. Although the banks we reviewed generally did not directly attempt to recoup compliance costs from customers, they limited access to certain higher-risk products and services to manage compliance costs.

Estimated Total BSA/AML Compliance Costs Were Highest for Larger Banks, but Costs Were Proportionately Higher for Smaller Banks We Reviewed

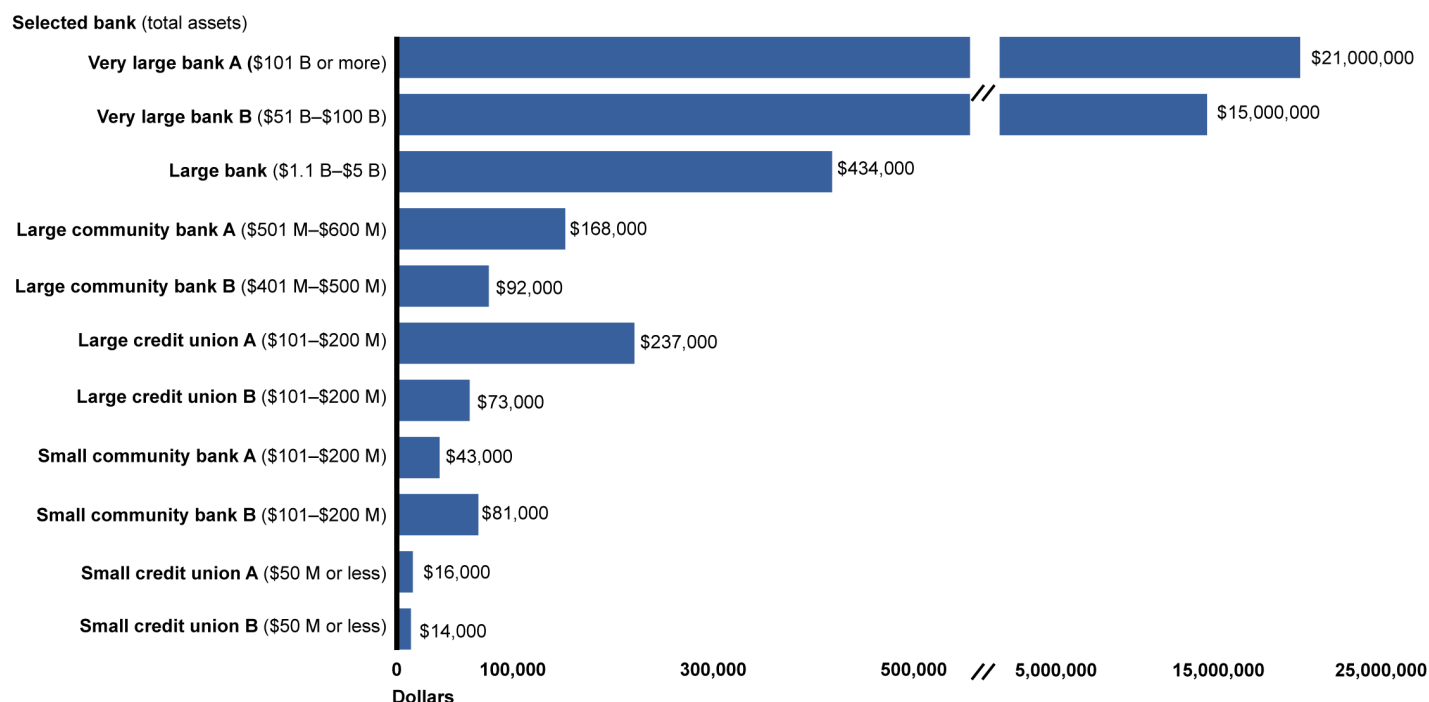
For the 11 banks in our nongeneralizable review, larger banks generally incurred greater total direct costs to comply with the BSA/AML requirements in 2018.⁸⁹ As shown in figure 8, our estimates of the total direct costs for the two largest banks, which each had over \$50 billion in total assets in 2018, were about \$15 million and \$21 million,

⁸⁸See app. III for more details on the banks we reviewed and their compliance cost estimates. We did not consider regulatory fines, penalties, or forfeitures for noncompliance with the BSA/AML regulations to be a cost. For example, from January 2009 to December 2015, the federal government assessed about \$5.2 billion for BSA/AML violations. See GAO, *Financial Institutions: Fines, Penalties, and Forfeitures for Violations of Financial Crimes and Sanctions Requirements*, [GAO-16-297](#) (Washington, D.C.: Mar. 22, 2016). We used information from the federal banking agencies to confirm that the banks we selected were not subject to BSA/AML-related formal enforcement actions in recent years. We did not assess the quality of banks' BSA/AML programs.

⁸⁹As discussed in more detail in app. I, we selected the banks in consideration of their type (community bank, regional or national bank, or credit union), location, size (total assets), BSA/AML reporting frequency (number of SARs filed), and other factors. Our estimates cover the BSA/AML compliance program and other regulatory requirements included in FFIEC's examination manual (except the Office of Foreign Assets Control sanctions requirement, which FinCEN does not administer).

respectively.⁹⁰ By comparison, our estimates of the total direct costs for the two smallest banks, which each had less than \$50 million in total assets in 2018, were about \$14,000 and \$16,000, respectively.

Figure 8: Estimated Total Direct Costs for Bank Secrecy Act/Anti-Money Laundering Compliance for Selected Banks in 2018



Legend

B = Billion, M = Million

Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks are those that did not meet the Federal Deposit Insurance

⁹⁰Total assets are based on the December 2018 Call Reports and include cash, loans, securities, bank premises, and other assets. Our estimates of each bank’s annual BSA/AML compliance costs generally captured direct costs (labor, software, and third parties) but not indirect costs, such as office space or depreciation on computer systems. As a result, our estimates may vary from other cost measures, such as banks’ budgets. For instance, we estimated that one bank’s total direct costs were about \$15 million in 2018, which included costs for activities directly related to compliance that were incurred for BSA/AML personnel and non-BSA/AML personnel, such as tellers and branch managers. In comparison, the bank’s representatives told us the BSA/AML department’s entire budget in 2018 was about \$13 million, which included total salaries and benefits for BSA/AML personnel, office space, depreciation on computer systems, third-party vendors, and travel.

Corporation's community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold.

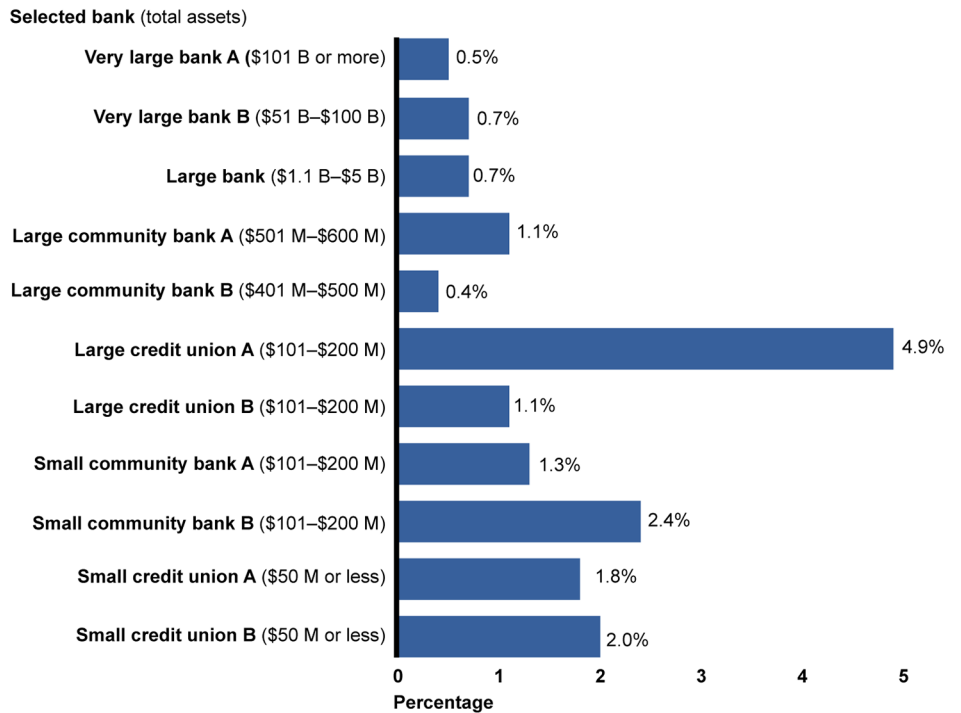
Larger banks that we reviewed tended to have higher total direct costs for BSA/AML compliance than smaller banks, in part because of their greater volumes of activity and risk. For example, the largest two banks opened several hundred thousand new accounts in 2018, whereas the smallest two each opened fewer than 200 new accounts. As a result, the larger banks incurred greater costs to meet the BSA/AML's customer due diligence and reporting requirements, such as suspicious activity reporting. In addition, the larger banks we reviewed tended to offer a wider range of products and services to a broader customer base than smaller banks—resulting in greater risk for money laundering, terrorism financing, and other illicit financial activity. Because banks must have BSA/AML compliance programs commensurate with their risks, the larger banks employed additional compliance personnel and maintained more sophisticated internal controls, which increased their direct costs.

At the same time, direct costs were proportionately higher for the smaller banks we reviewed.⁹¹ As shown in figure 9, total direct costs for BSA/AML compliance as a percentage of operating expenses were about 2 percent, on average, for the three smallest banks in our review.⁹² By comparison, these costs were about 0.6 percent of operating expenses for each of the three largest banks, on average.

⁹¹Other studies that have examined BSA/AML compliance costs have also noted that larger banks and other financial institutions tend to bear greater costs while smaller banks and financial institutions tend to bear greater costs as a percentage of total assets. For further information on the results and limitations of these studies, see app. IV.

⁹²We determined each bank's operating expenses using the noninterest expenses field from the December 2018 Call Report. Noninterest expenses include operating costs, such as salaries and benefits, real estate, legal fees, and advertising, but not interest expenses, such as interest paid on deposits.

Figure 9: Estimated Total Direct Costs for Bank Secrecy Act/Anti-Money Laundering Compliance as a Percentage of Operating Expenses for Selected Banks in 2018



Legend

B = Billion, M = Million

Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks are those that did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold. We determined each bank’s operating expenses using the noninterest expenses field from the December 2018 Call Report. Noninterest expenses include operating costs, such as salaries and benefits, real estate, legal fees, and advertising, but not interest expenses, such as interest paid on deposits.

Figure 9 also shows that total direct costs can differ between banks of comparable type and size. As we discuss further below, some of this difference was due to variations in the costs banks incurred to comply with certain requirements, such as currency transaction reporting, which resulted from differences in their compliance processes, customer bases, and other factors.

Customer Due Diligence and Suspicious Activity Reporting Requirements Generally Were the Most Costly for the Selected Banks

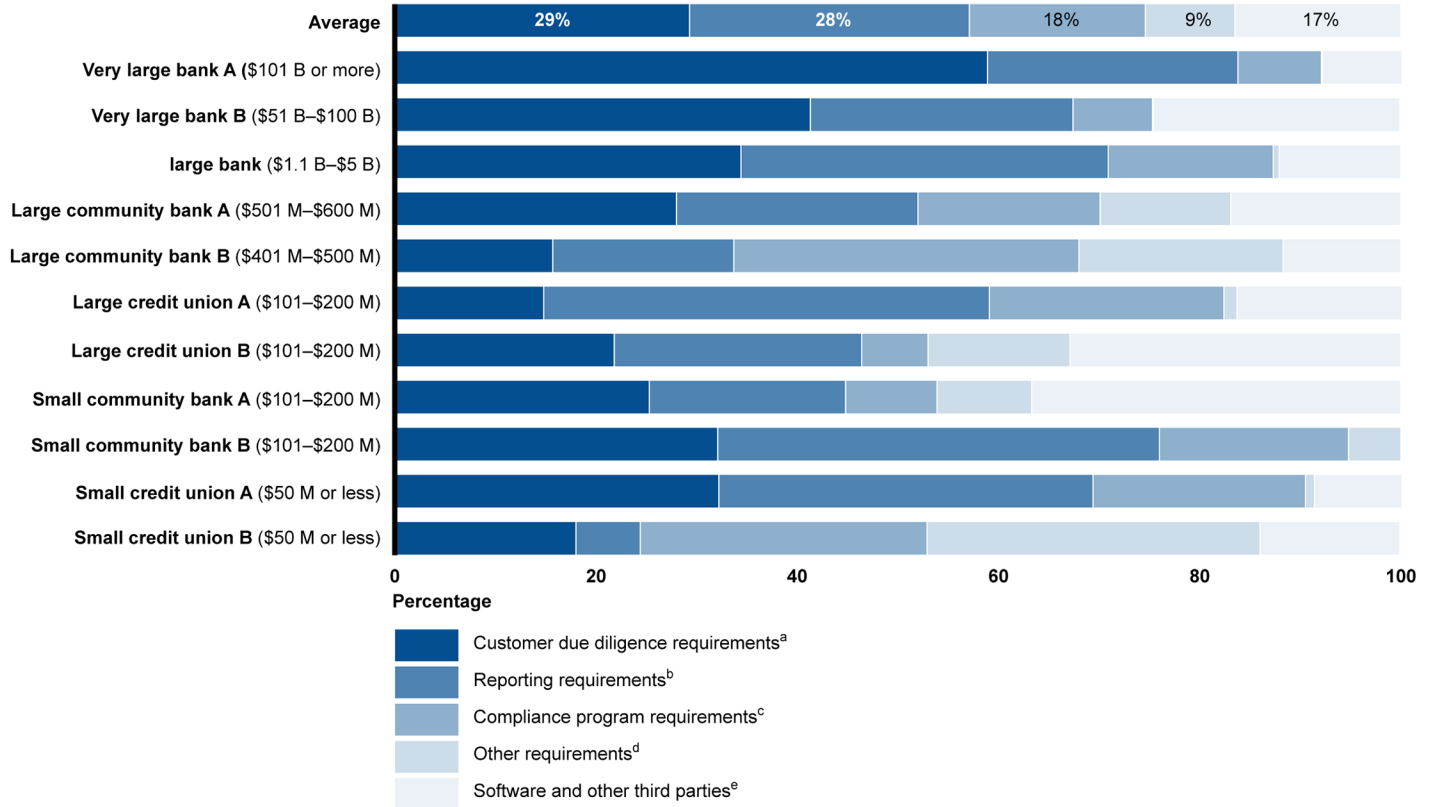
For the 11 banks in our review, which cannot be generalized to other banks, the cost to comply with individual BSA/AML requirements varied widely, as shown in figure 10. For example, for the 11 banks, we found the following:

- The customer due diligence and reporting requirements generally were the most costly regulatory areas—representing, on average, about 29 and 28 percent of total BSA/AML compliance costs, respectively.
- Costs associated with the BSA/AML compliance program requirements represented, on average, about 18 percent of total BSA/AML compliance costs.
- All but one of the banks we studied incurred additional costs for specialized BSA/AML compliance software and general third-party vendors—about 17 percent of total BSA/AML compliance costs, on average.⁹³

⁹³We report software costs separately and do not allocate them by requirement because the banks we reviewed commonly used the same software to meet multiple BSA/AML requirements.

Figure 10: Estimated Costs for Compliance Requirements as a Percentage of Total Direct Costs for Bank Secrecy Act/Anti-Money Laundering Compliance for Selected Banks in 2018

Selected bank (total assets)



Legend

B = Billion, M = Million

Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks are those that did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold.

^aThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher-risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^bThere are five key reporting requirements included in our review: (1) suspicious activity reporting, (2) currency transaction reporting, (3) currency transaction reporting exemptions, (4) foreign bank and financial accounts reporting, and (5) international transportation of currency or monetary instruments reporting.

Customer Due Diligence Requirements

^cThere are four minimum compliance program requirements for a Bank Secrecy Act/Anti-Money Laundering (BSA/AML) program: (1) internal controls, (2) independent testing, (3) training, and (4) a BSA/AML officer. We do not separately report a cost for BSA/AML officers because we generally captured their direct costs in our estimates for other BSA/AML requirements.

^dOther requirements include costs for four other requirements that, on average, each comprised less than 5 percent of total direct BSA/AML costs for the 11 banks: (1) money instruments recordkeeping, (2) funds transfers recordkeeping, (3) information sharing, and (4) special measures.

^eMost of the banks used software to help comply with their customer due diligence, reporting, or other BSA/AML requirements. We report all software costs separately because the banks commonly used the same software to comply with multiple requirements and generally could not precisely allocate software costs for each requirement. Other third parties include vendors that were not associated with a specific requirement (e.g., compliance consultants).

For the 11 banks in our review, estimated costs for complying with the customer due diligence requirements ranged from about 15 percent to about 59 percent of total direct BSA/AML costs.⁹⁴ These requirements collectively were more costly than any other BSA/AML requirement (as a percentage of total costs) for five of the 11 banks, including the four largest.

Although the scale of their customer bases varied, the banks we studied generally told us they use similar procedures to comply with the customer due diligence requirements during account openings. Customer service personnel, such as member service representatives or personal bankers, collect required customer due diligence information concurrently from new customers when establishing the new account. As discussed previously, this process includes identifying information for the customer and, if the customer is a legal entity, for any beneficial owners (name, address, date of birth, and tax identification number) and other information needed to establish the nature and purpose of the account, such as the customer's occupation and expected account activity. Another individual, often the BSA/AML officer, reviews the information collected to confirm its completeness and identify potential concerns, such as missing information or high-risk indicators that could trigger additional due

⁹⁴As previously discussed, customer due diligence includes four core elements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. See 81 Fed. Reg. 29,398 (May 11, 2016). We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons. BSA/AML reporting requirements include suspicious activity reporting, currency transaction reporting and exemptions, foreign bank and financial accounts reporting, and international transportation of currency or monetary instruments reporting.

Implementation Costs for the New Beneficial Ownership Requirement

The 11 banks we studied also incurred one-time implementation costs to comply with the new beneficial ownership requirement for legal entity customers, which has an applicability date of May 11, 2018, as part of the Financial Crimes Enforcement Network's final rule on Customer Due Diligence Requirements for Financial Institutions. Banks we reviewed incurred costs to research the new requirement, update policies and procedures, revise information collection systems, and train personnel. However, implementation costs varied. For example:

- Small credit union B (\$50 million or less in total assets), which opened only one legal entity account in 2018, spent under \$100 to implement the new requirement, including to update policies and train personnel.
- Very large bank A (\$101 billion or more in total assets), which opened over 36,000 legal entity accounts in 2018, spent an estimated \$3.7 million. Bank representatives told us that they assigned two senior compliance personnel to the implementation project over a 2-year period, updated hardware and software systems, and trained approximately 4,000 bank personnel on the new requirement.

Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks were required to become compliant with the beneficial ownership requirement within 2 years of the issuance of the final rule on May 11, 2016. Therefore, we estimated implementation costs over the period from 2016 through 2018. We did not separately estimate implementation costs for the other core requirements in the final rule because they were already explicitly or implicitly required for existing requirements.

diligence. Bank personnel—often with the assistance of automated software at larger banks—then analyze the information collected to assign a risk rating to the account, which determines the extent of ongoing monitoring required.

Because compliance costs for the customer due diligence requirements largely are a function of the number of customers, the larger banks we reviewed incurred greater compliance costs. These costs ranged from about \$2,600 for a small credit union that opened fewer than 200 new accounts in 2018 to about \$12 million for a very large bank that opened more than 100,000 new accounts.

As shown in table 1, the selected banks spent an estimated average of \$15 per new account to comply with the customer due diligence requirements in 2018, and per-account costs ranged from \$5 to \$44.⁹⁵ This range was due, in part, to differences in the types of accounts banks opened and the time they required to collect and review customer information. For example, we estimated that bank personnel required about 30 minutes, on average, to collect and review customer information when opening new consumer (or personal) accounts, compared to over 1 hour for new commercial (or business) accounts, which often required the collection of beneficial ownership information. Several banks told us this process involved collecting and reviewing documentation from state agencies to verify this information, such as certificates of good standing that certify that a business has registered with the state and is authorized to conduct business there.

⁹⁵When possible, we excluded ongoing monitoring and additional due diligence costs from our estimates of customer due diligence costs per new account because such costs also apply to existing accounts.

Table 1: Range of Number of New Accounts and Average Estimated Customer Due Diligence Costs per New Account for Selected Banks in 2018

Selected banks (total assets)	Range of number of new accounts	Average estimated customer due diligence cost per new account (dollars)
Very large bank A (\$101 B or more)	100,001–500,000	44
Very large bank B (\$51 B–\$100 B)	500,001 or more	6
Large bank (\$1.1 B–\$5 B)	501–1,000	10
Large community bank A (\$501 M–\$600 M)	1,001–5,000	17
Large community bank B (\$401–\$500 M)	1,001–5,000	5
Large credit union A (\$101 M–\$200 M)	401–500	31
Large credit union B (\$101 M–\$200 M)	501–1,000	6
Small community bank A (\$101 M–\$200 M)	501–1,000	12
Small community bank B (\$101 M–\$200 M)	501–1,000	18
Small credit union A (\$50 M or less)	200 or less	7
Small credit union B (\$50 M or less)	200 or less	8

Legend: B = billion; M = million

Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks are those that did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold. Estimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from these estimates. Because the number of accounts opened by a bank may be an identifying feature, we only report a range.

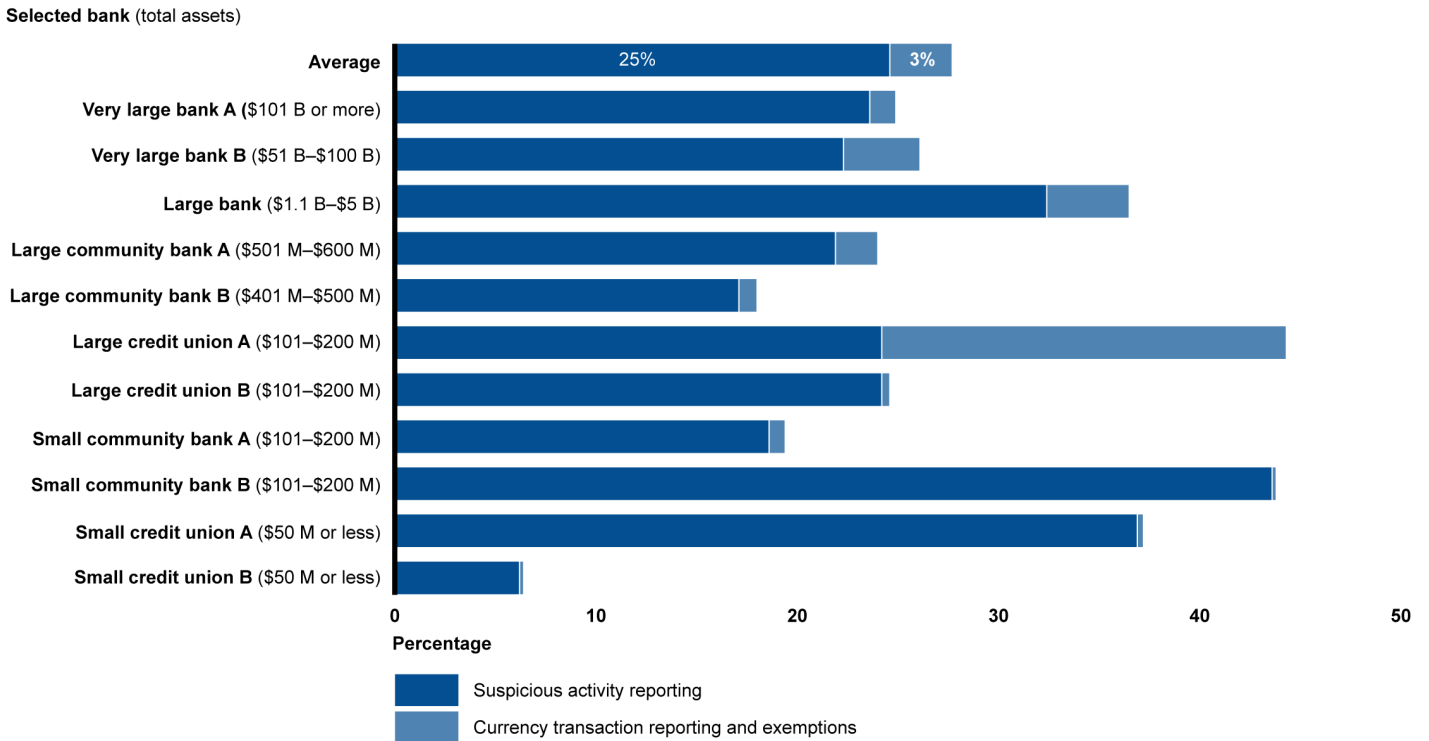
Reporting Requirements

For the 11 banks in our review, we estimated that their costs to comply with the BSA/AML reporting requirements ranged from about 6 percent to about 44 percent of total direct BSA/AML costs (see fig. 11). These requirements include filing SARs, CTRs, foreign bank and financial accounts reports, and international transportation of currency or monetary instruments reports. For example:

-
- **Suspicious activity reporting.** The 11 banks spent from about 6 percent to about 44 percent (or about 25 percent, on average) of their total direct BSA/AML costs to meet the SAR requirements. Compliance with these requirements was the most costly of all the BSA/AML compliance requirements for five of the 11 banks we studied. All but the three smallest banks used software to assist with suspicious activity monitoring and reporting; however, we report software costs separately below because banks also used suspicious activity monitoring software to comply with other requirements.
 - **Currency transaction reporting.** The selected banks spent from a low of less than 1 percent to a high of about 20 percent (or about 3 percent, on average) of total direct BSA/AML costs to comply with the CTR reporting and exemption requirements.
 - **Other BSA/AML reporting requirements.** Representatives from the 11 banks told us that they incurred few, if any, costs to comply with the requirements to report international transportation of currency and monetary instruments and foreign bank and financial accounts.⁹⁶

⁹⁶None of the 11 banks—even the two largest, internationally active banks—reported filing a Report of International Transportation of Currency or Monetary Instruments in 2018, in part because banks are generally exempt from the requirement if they transport currency or other monetary instruments through the postal service or a common carrier. Further, only the two largest banks reported filing a limited number of Reports of Foreign Bank and Financial Accounts, but neither filed such reports on behalf of customers.

Figure 11: Estimated Costs for Key Reporting Requirements as a Percentage of Total Direct Costs for Bank Secrecy Act/Anti-Money Laundering Compliance for Selected Banks in 2018



Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks are those that did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold. Suspicious activity reporting includes personnel costs for monitoring, investigating, and reporting, and currency transaction reporting and exemptions includes personnel costs for monitoring and reporting, as well as costs to report and manage exemptions.

For the 11 banks we studied, their costs to comply with the suspicious activity reporting requirements varied widely—ranging from about \$300 to about \$18,000 for each SAR (see table 2). As we discuss below, such differences were due, in part, to variation in the banks’ processes and the amount of monitoring, investigating, and reporting they performed.

Table 2: Number of SARs Filed and Average Estimated Cost per SAR Filed for Selected Banks in 2018

Selected banks (total assets)	Number of suspicious activity reports (SAR) filed	Average estimated cost per SAR filed (dollars)
Very large bank A (\$101 B or more)	3,712	1,325
Very large bank B (\$51 B–\$100 B)	6,757	499
Large bank (\$1.1 B–\$5 B)	178	792
Large community bank A (\$501 M–\$600 M)	9	4,088
Large community bank B (\$401–\$500 M)	51	309
Large credit union A (\$101 M–\$200 M)	49	1,169
Large credit union B (\$101 M–\$200 M)	3	5,882
Small community bank A (\$101 M–\$200 M)	10	799
Small community bank B (\$101 M–\$200 M)	2	17,773
Small credit union A (\$50 M or less)	3	1,990
Small credit union B (\$50 M or less)	1	887

Legend: B = billion; M = million

Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks generally must file a SAR when a transaction involves or aggregates \$5,000 or more in funds or other assets and the bank knows, suspects, or has reason to suspect that the transaction is suspicious, or when the transaction meets certain other criteria such as involving insider abuse at any amount. Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks are those that did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold. Estimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

Based on our estimates, the banks we reviewed incurred most of their suspicious activity reporting costs—about 83 percent on average—in connection with monitoring for and investigating suspicious activity alerts.⁹⁷ The smaller banks told us they commonly used manual monitoring to identify suspicious transactions, which included employee observation of customer behavior and reviewing daily reports, such as monetary instrument purchase logs. By comparison, the larger banks reported that they commonly used automated monitoring software to alert them of suspicious transactions, which helped reduce personnel time and costs for monitoring.

⁹⁷Investigating includes the time banks spent initially reviewing an alert, escalating it to an investigation, and deciding whether to file a SAR.

The amount of time the banks we reviewed spent to investigate suspicious activity alerts also varied. For example, representatives from small community bank B, which incurred the highest cost per SAR, told us they filed two SARs in 2018 related to potential fraud involving older customers, each of which required about 80 hours to investigate and report. By comparison, representatives from large community bank B, which incurred the lowest cost per SAR, told us that a majority of the SARs they filed involved customers dividing cash deposits into smaller amounts to avoid the CTR threshold (a crime known as structuring), and they spent less than 2 hours to investigate and report each incident.⁹⁸

Only about 7 percent of the costs banks in our review incurred to meet the suspicious activity reporting requirement were associated with reporting (that is, completing and filing SARs).⁹⁹ For example, large community bank A reviewed about 7,000 suspicious activity alerts in 2018, of which 60 resulted in an investigation and nine resulted in a SAR—or about 0.1 percent of the initial alerts.

For the currency transaction reporting requirement, we estimated that the costs to identify, research, complete, and file a CTR ranged from about \$3 to about \$12 (or about \$7 on average) for the 11 banks, as seen in table 3. In general, the banks we reviewed required significantly less time to research, complete, and file a CTR as compared to a SAR. Similar to suspicious activity reporting, the banks identified reporting obligations both manually through employee observation of daily transactions and automatically using specialized software. However, the banks reported that they completed and filed each CTR relatively quickly once they identified a reporting obligation, in part due to the shorter length of the CTR, which required less research and reporting. For example, the banks told us that they required an average of about 19 minutes to research, complete, and file each CTR, whereas nine of the 11 banks required 2 or more hours per SAR for similar activities.

⁹⁸31 U.S.C. § 5324 prohibits the structuring of transactions to avoid, among other things, the currency transaction reporting requirement.

⁹⁹The remaining costs include those for managing automated monitoring software and third-party auditors. Estimates of the cost of components to the suspicious activity reporting process included eight of the 11 banks that separately reported time for monitoring, investigating, and reporting SARs.

Table 3: Number of CTRs Filed and Average Estimated Cost per CTR Filed for Selected Banks in 2018

Selected banks (total assets)	Number of currency transaction reports (CTR) filed	Average estimated cost per CTR filed (dollars)
Very large bank A (\$101 B or more)	64,035	4
Very large bank B (\$51 B–\$100 B)	72,583	8
Large bank (\$1.1 B–\$5 B)	1,361	11
Large community bank A (\$501 M–\$600 M)	330	10
Large community bank B (\$401–\$500 M)	73	10
Large credit union A (\$101 M–\$200 M)	17,691	3
Large credit union B (\$101 M–\$200 M)	42	7
Small community bank A (\$101 M–\$200 M)	29	12
Small community bank B (\$101 M–\$200 M)	23	5
Small credit union A (\$50 M or less)	8	5
Small credit union B (\$50 M or less)	5	5

Legend: B = billion; M = million

Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks generally must file a CTR when a customer conducts a transaction in currency of more than \$10,000 in aggregate over 1 day. Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks are those that did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold.

Additionally, we found that the banks we reviewed generally did not incur significant costs for managing CTR exemptions relative to other CTR expenses. Banks are required to file a designation of exempt person report with FinCEN to request a new exemption, and they must annually review the continuing eligibility of the customer. Four of the 11 banks did not manage any CTR exemptions in 2018. Among the seven banks that did, the associated annual costs were 1 percent or less of total direct BSA/AML costs for each bank.

One bank—large credit union A—filed significantly more CTRs than all but the two largest banks we studied (17,691). The credit union’s representatives told us that it filed many CTRs for its account holders with

Compliance Program
Requirements

money services businesses.¹⁰⁰ However, credit union representatives told us that they chose to continue filing CTRs rather than pursuing CTR exemptions for the businesses because their cash-intensive nature would make it too time consuming (and therefore costly) to justify the initial exemption and annual recertification.

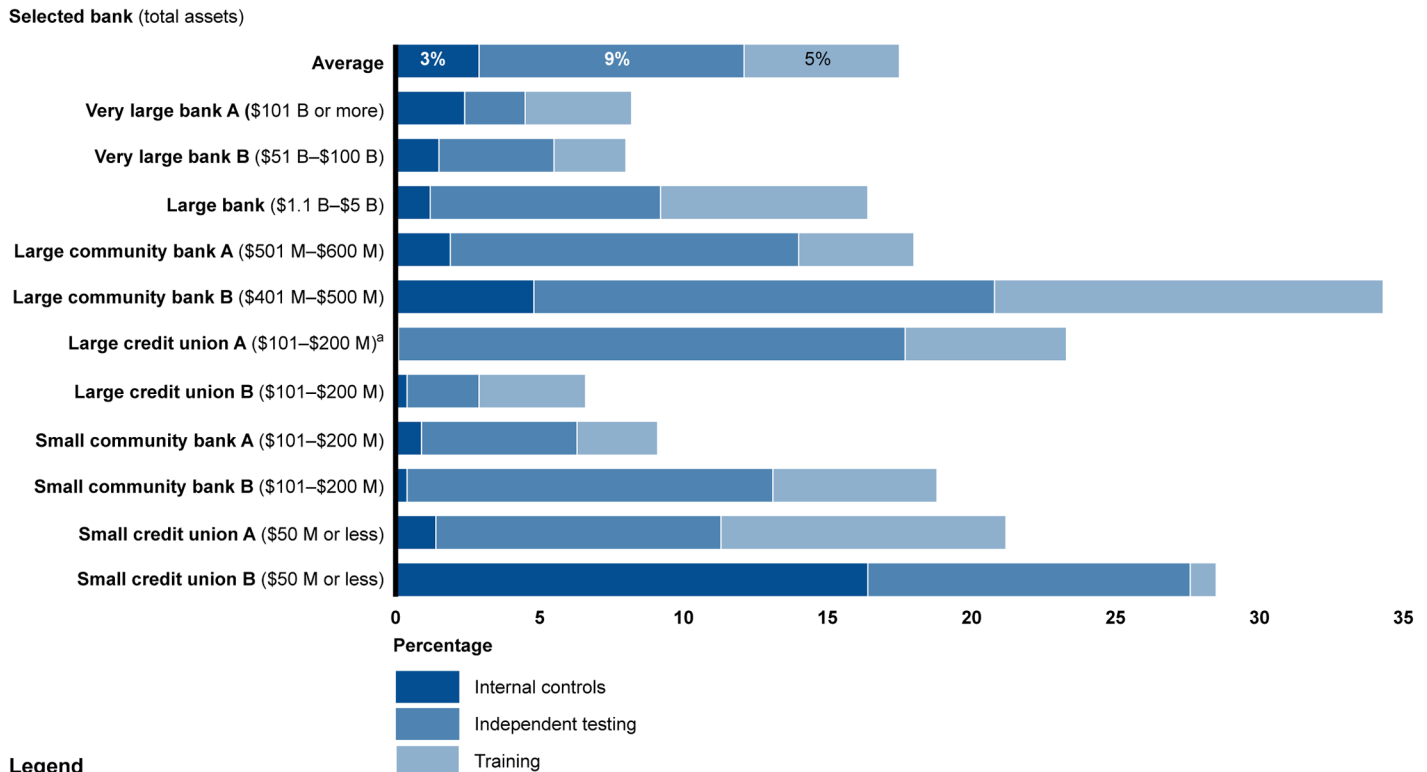
We also estimated that the 11 banks we reviewed incurred a wide range of costs to comply with the four minimum requirements of a BSA/AML compliance program: internal controls, independent testing, training, and designating a BSA/AML officer.¹⁰¹ As shown in figure 12, estimated costs associated with three of the four compliance program requirements ranged from about 7 percent to about 34 percent of total direct BSA/AML costs (about 18 percent, on average) for the 11 selected banks.¹⁰²

¹⁰⁰Money services businesses generally are cash-intensive and include, subject to exception, dealers in foreign exchange, check cashers, issuers or sellers of traveler's checks or money orders, providers or sellers of prepaid access (such as prepaid cards), money transmitters, and the U.S. Postal Service. See 31 C.F.R. § 1010.100(ff). According to FFIEC's examination manual, banks should assess the risks associated with accounts for money services businesses and apply appropriate risk-based due diligence procedures for those deemed higher risk, such as by reviewing the business's BSA/AML program and independent testing results or conducting on-site visits.

¹⁰¹Although each of the 11 banks designated a full-time or part-time BSA/AML officer, we did not separately estimate their costs to the banks. We instead captured such costs to the extent that the BSA/AML officer was directly involved in the other requirements we studied. The compliance program also must describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

¹⁰²The average percentage of total direct BSA/AML costs for the compliance program requirements does not match the sum of the percentages in figure 12 due to rounding.

Figure 12: Estimated Costs for Compliance Program Requirements as a Percentage of Total Direct Costs for Bank Secrecy Act/Anti-Money Laundering Compliance for Selected Banks in 2018



Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold. Internal controls generally includes personnel costs to manage written policies and procedures. Independent testing includes personnel and third-party costs to conduct compliance testing. Training includes personnel and third-party costs to conduct and attend compliance training. Although each of the 11 banks designated a full-time or part-time Bank Secrecy Act/anti-money laundering (BSA/AML) officer, we did not separately estimate the BSA/AML officers’ cost to the banks. We instead captured such costs to the extent that the BSA/AML officer was directly involved in the other requirements for which we estimated a cost.

^aLarge credit union A’s costs for internal controls were less than 1 percent of total costs and therefore may be difficult to observe.

Internal controls. We estimated that costs associated with developing and maintaining internal controls ranged from less than 1 percent to about 16 percent of total direct costs for BSA/AML compliance among the 11 banks we reviewed (about 3 percent, on average). Internal controls are the policies, procedures, and processes banks use to manage risks and

ensure compliance. Our estimates generally included the direct time personnel spent to update written internal controls in 2018, as well as to conduct risk assessments.¹⁰³ In absolute terms, we estimated considerably greater costs for the two largest banks we studied (about \$200,000 and \$500,000) because managing their internal controls and risk assessments required full-time personnel. In comparison, smaller banks we reviewed maintained their internal controls and risk assessments on a part-time basis, at an estimated cost of about \$1,800 annually, on average.

Independent testing. Among the 11 banks we reviewed, costs to comply with the independent testing requirement ranged from about 2 percent to about 18 percent (about 9 percent, on average). All but the two largest banks hired a third-party auditor to conduct independent testing, at a cost of about \$14,000, on average.¹⁰⁴ In contrast, internal audit teams within the two largest banks we studied conducted ongoing compliance testing at a considerably greater cost (about \$600,000 and \$400,000 annually).

Training. We estimated that required training costs ranged from about 1 percent to about 14 percent of total direct BSA/AML costs among the 11 banks we studied (about 5 percent, on average). Banks are required to provide training to all appropriate personnel whose duties require knowledge of the BSA/AML requirements. As a result, a significant majority of personnel at each bank we reviewed received annual BSA/AML training, which banks reported that they provided using internal and third-party resources, such as training consultants or external training events. Because the training requirement does not prescribe a required frequency or duration—only that training should be ongoing—the amount and type of training banks offered and the costs they incurred for doing so varied. For example, in 2018, large credit union A provided at least 3 hours of training per employee through a third-party consultant, whereas small credit union B provided about 1 hour per employee through a video recording. As shown in table 4, annual estimated training costs ranged from about \$19 to \$350 per employee.

¹⁰³Bank representatives we interviewed differed in their views on whether ongoing education, such as reading industry reports, counted toward the maintenance of internal controls. As a result, we excluded time for ongoing education, when possible, to ensure comparable estimates across banks.

¹⁰⁴Third-party auditors also may have tested other internal controls while testing those for BSA/AML compliance. In these cases, we asked banks to estimate the percentage of the audit contract that was associated with BSA/AML compliance testing.

Table 4: Number of Employees Trained and Average Estimated Cost per Employee Trained for Bank Secrecy Act/Anti-Money Laundering Compliance for Selected Banks in 2018

Selected banks (total assets)	Number of employees trained	Average estimated cost per employee trained (dollars)
Very large bank A (\$101 B or more)	11,506	68
Very large bank B (\$51 B–\$100 B)	9,101	41
Large bank (\$1.1 B–\$5 B)	506	61
Large community bank A (\$501 M–\$600 M)	121	56
Large community bank B (\$401–\$500 M)	109	114
Large credit union A (\$101 M–\$200 M)	38	350
Large credit union B (\$101 M–\$200 M)	49	55
Small community bank A (\$101 M–\$200 M)	23	53
Small community bank B (\$101 M–\$200 M)	26	177
Small credit union A (\$50 M or less)	14	114
Small credit union B (\$50 M or less)	7	19

Legend: B = billion; M = million

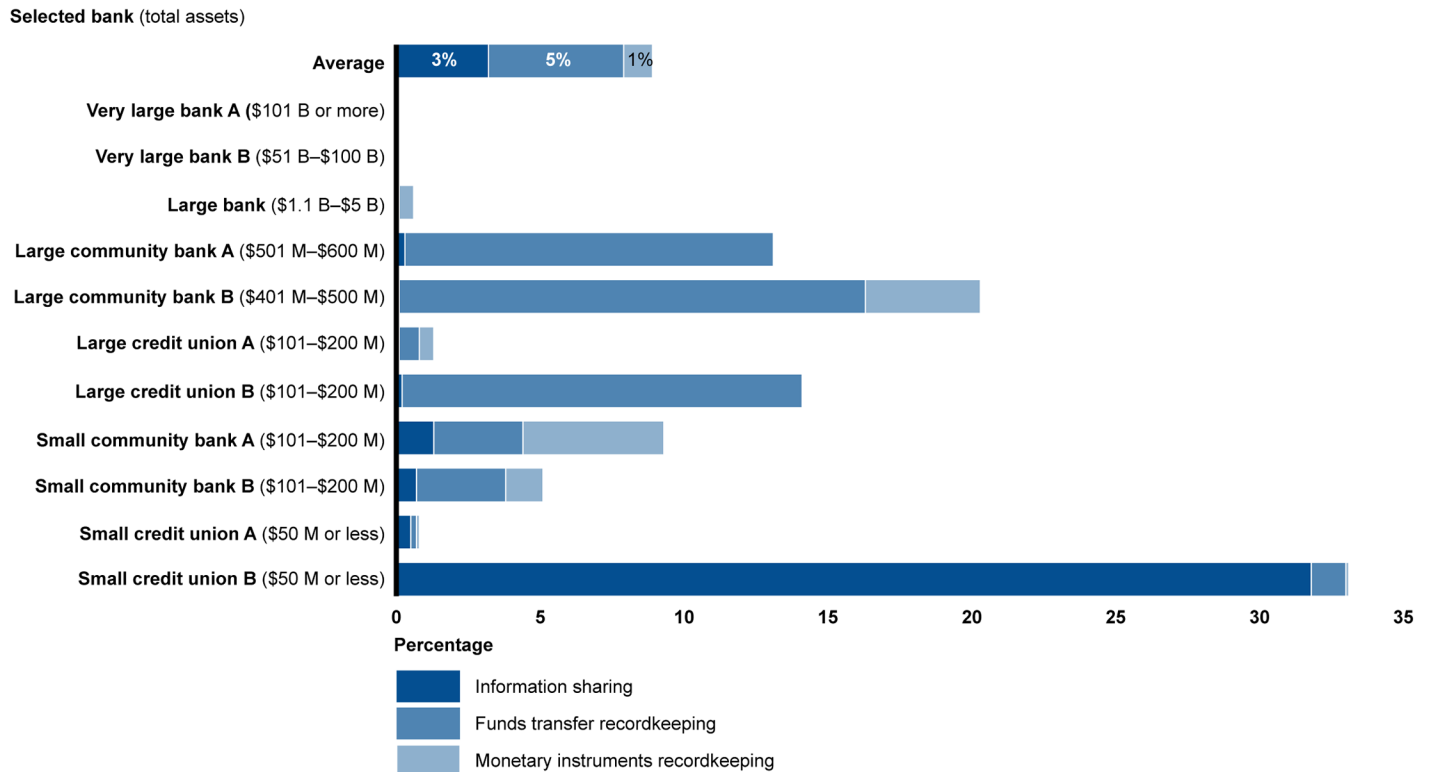
Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks were those that did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold. Bank Secrecy Act/anti-money laundering training costs include personnel and third-party costs required to conduct and attend compliance training.

Other BSA/AML Requirements

For the 11 banks in our review, their costs for complying with the BSA’s other requirements—sharing information with law enforcement, maintaining records on certain funds transfers and monetary instrument purchases, and taking special measures against targets of primary money laundering concern—generally represented a smaller percentage of their total direct compliance costs than the compliance areas previously discussed. However, as shown in figure 13, the associated costs for these requirements varied widely—ranging from less than 1 percent to about 33 percent of total direct costs for BSA/AML compliance (about 9 percent, on average)—and certain requirements were relatively costly for several banks.

Figure 13: Estimated Costs for Selected Requirements as a Percentage of Total Direct Costs for Bank Secrecy Act/Anti-Money Laundering Compliance for Selected Banks in 2018



Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks are those that did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold. Funds transfers, monetary instruments, and information sharing include personnel costs to meet the associated requirements.

- **Required information sharing.** For 10 of the 11 banks, the cost to comply with the 314(a) information-sharing requirement represented

about 1 percent or less of their total direct BSA/AML costs.¹⁰⁵ Unlike the other banks we reviewed, information sharing was the most costly BSA/AML requirement for small credit union B (about 32 percent of total direct costs), as it was the only bank that conducted each search manually by individually searching its records for each subject—requiring about 8 hours per list. The remaining 10 banks all used automated software processes to conduct searches—requiring about 1 hour or less per list, in most cases.

- **Funds transfer recordkeeping.** The costs to comply with the funds transfer recordkeeping requirement varied greatly across the 11 banks, with the average cost representing about 5 percent of total direct BSA/AML costs.¹⁰⁶ For example, the two large community banks we studied used manual processes to verify the required information for about 6,300 and 5,000 funds transfers in 2018, and their compliance costs comprised about 13 percent and 16 percent of their total direct costs, respectively. In contrast, the three largest banks—two of which originated and received over 1 million funds transfers each in 2018—used mostly automated processes to verify the required information.¹⁰⁷ As a result, they incurred very little in personnel costs to comply with the requirement.
- **Monetary instrument recordkeeping.** For the 11 banks we reviewed, their costs to comply with the monetary instrument recordkeeping requirement generally were small—about 1 percent, on average, of total direct BSA/AML costs. Compliance costs may have been relatively low because some banks did not sell monetary instruments to customers without established deposit accounts and, as a result, had to collect and verify little, if any, new information from customers for such purchases.
- **Special measures.** The banks we studied generally did not incur any material costs to comply with the requirement to take special

¹⁰⁵In 2018, banks were required to conduct searches on 28 separate lists provided by FinCEN. We estimated compliance costs for the requirement under section 314(a) of the USA PATRIOT Act, known as information sharing between law enforcement and financial institutions, as implemented. See 31 C.F.R. § 1010.520. We did not include costs associated with section 314(b) information sharing, which is a voluntary program that provides a safe harbor for banks and other financial institutions to share information on specified unlawful activities that may involve money laundering or terrorism. See 31 C.F.R. § 1010.540.

¹⁰⁶Such funds transfers are commonly referred to as wire transfers.

¹⁰⁷As previously discussed, we counted all software costs separately because banks commonly told us that their BSA/AML software provided support for multiple requirements.

Software and Third-Party
Vendors

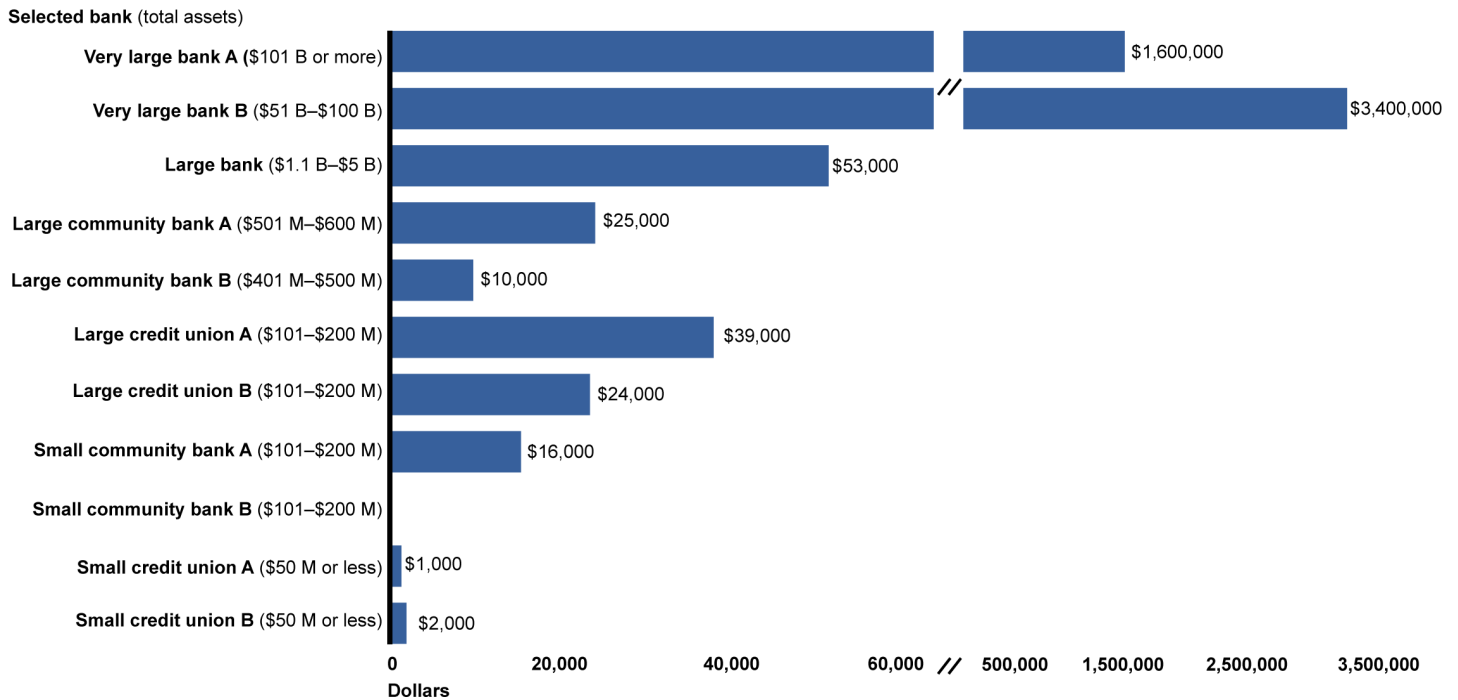
measures against targets of primary money laundering concern in 2018. Treasury did not issue any final rules that would have implemented additional special measures in 2018.

Although banks are not required to use software to meet their BSA/AML requirements, we found that 10 of the 11 banks used specialized BSA/AML compliance software for this purpose. For the 10 banks, annual licensing fees and other associated costs ranged from about 8 percent to about 37 percent of total direct BSA/AML costs in 2018—or about 16 percent, on average (see fig. 10 above).¹⁰⁸

In terms of dollars, the annual software costs ranged from about \$1,000 for a small credit union that used software to verify customer identification when opening new accounts to about \$3.4 million for a very large bank that used both commercially available and customized software to meet a number of BSA/AML requirements (see fig. 14).

¹⁰⁸Banks we studied generally were billed for their BSA/AML software on an ongoing basis. For the three largest banks we selected, software costs also included personnel costs for internal software development and engineering.

Figure 14: Estimated Total Costs for Dedicated Bank Secrecy Act/Anti-Money Laundering Software at Selected Banks in 2018



Legend

B = Billion, M = Million

Source: GAO analysis of data from selected banks, Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, and National Credit Union Administration. | GAO-20-574

Note: Banks are rank ordered based on total assets as of December 2018. We defined small or large credit unions using a \$50 million threshold, and we defined small or large community banks using a \$250 million threshold. Larger banks are those that did not meet the Federal Deposit Insurance Corporation’s community bank definition (generally not specialized and with a limited geographic reach), and we defined them as large or very large using a \$50 billion threshold. Software costs include depreciation on the purchase price and ongoing costs, such as licensing fees and maintenance.

The banks we reviewed used BSA/AML software for a variety of purposes. All 10 of the banks that used specialized software used it to assist with customer due diligence requirements, such as verifying customers’ identities and assigning risk profiles to their accounts. In addition, eight of the 10 banks used surveillance monitoring software to identify suspicious activity.¹⁰⁹

¹⁰⁹While any bank can use surveillance monitoring software, banks that are large, operate in many locations, or have a large volume of higher-risk customers typically use surveillance monitoring software, according to FFIEC’s examination manual.

Surveillance monitoring software varies in sophistication and cost. For example, small community bank A used “rule-based” software that flagged activity outside of predetermined rules established by the bank at a cost of about \$7,200 annually. By comparison, the large bank we studied used more costly “intelligent” software (about \$33,000 annually). Such software is adaptive, meaning it flags suspicious activity in context with the customer profile and a continuously evolving database of historical transactions from the customer or a peer group. According to banks we reviewed, software used for suspicious activity monitoring also commonly supported compliance with other requirements, such as currency transaction reporting and information sharing.¹¹⁰

A few banks we reviewed also told us that they incurred costs for third-party vendors that assisted more generally with BSA/AML compliance, but such costs varied widely and were infrequent. Specifically, only three of the 11 banks incurred costs for third parties not directly tied to one requirement.¹¹¹ For example, very large bank B reported spending about \$300,000 for various third-party vendors in 2018, such as a vendor that provided access to a web-based investigative tool to assist with customer due diligence and suspicious activity investigations. In comparison, large community bank A estimated that it spent about \$3,750 annually (25 percent of a \$15,000 contract) for access to a consulting service that it contacted on an as-needed basis regarding BSA/AML compliance issues.

¹¹⁰Some banks also met certain BSA/AML requirements using their core software, which banks use more generally to conduct daily business operations, such as processing deposits or loan applications. For example, some banks were able to use their core software to meet the information-sharing requirement by directly uploading the list provided by FinCEN. However, because core software is not specific to BSA/AML compliance, we did not include any associated costs in our software estimates, nor did we include other business software used during daily operations, such as spreadsheet software.

¹¹¹We categorized costs for external vendors that assisted with multiple BSA/AML requirements as other third parties, such as compliance consultants. More commonly, third-party vendors assisted with one requirement, and we included the associated cost in our estimate for the individual requirements, such as independent auditors that only assisted with independent testing.

Selected Banks Generally Did Not Charge BSA/AML-Related Fees, but They Managed Costs by Limiting Access to Higher-Risk Products or Services

Ten of the 11 banks we studied did not impose any direct fees or other charges on their customers to recoup their BSA/AML compliance costs.¹¹² The exception was large credit union A, which told us that it charged a monthly fee to customers that operated money services businesses to recoup some of the BSA/AML compliance costs associated with monitoring their potentially higher-risk accounts, such as costs for conducting periodic site visits.

Representatives from all but the largest bank we studied told us that their bank took steps to minimize BSA/AML compliance costs by not offering certain higher-risk products and services or servicing certain types of customers and locations. They provided the following examples:

- At least three banks told us they restricted purchases of monetary instruments (e.g., cashier's or traveler's checks) to customers with existing depository accounts, which eliminated the need to comply with customer verification requirements for purchases by nonestablished customers.¹¹³
- Five banks reported that they did not offer online banking services or the option of opening an account online, in part to avoid the associated BSA/AML compliance challenges and related costs.¹¹⁴
- At least six of the banks said they did not offer accounts to money services businesses because of the potentially greater and more costly due diligence, monitoring, and reporting involved. According to a representative from one large community bank, accounts for money

¹¹²As discussed previously, the results of our review of 11 banks cannot be generalized to other banks. In addition, although the banks generally did not directly consider BSA/AML compliance costs when establishing fees and other charges, some banks told us that they determined interest rates and account fees based on the cost to acquire funds and general overhead expenses, which would account for all costs, including BSA/AML compliance costs.

¹¹³See 31 C.F.R. § 1010.415(a)(2).

¹¹⁴According to FFIEC's examination manual, accounts opened without face-to-face contact may pose a higher risk of money laundering and terrorist financing because verifying a new customer's identity and effectively monitoring customers located outside their targeted geographic area may be more challenging.

services businesses generally do not generate enough revenue (in the absence of higher fees) to cover the monitoring expenses.¹¹⁵

- One small community bank said it did not open a branch near a college campus due to concerns over the increased risks and costs involved with monitoring its large population of international students.

Federal Banking Agencies Are Required to Conduct BSA Compliance Examinations and Cited Nearly a Quarter of Banks Under Their Supervision for BSA Violations

Federal Banking Agencies Routinely Examine Banks' BSA/AML Programs

FinCEN is authorized to examine banks for compliance with requirements of the BSA and its regulations.¹¹⁶ Treasury also has delegated examination authority to federal banking agencies—the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve, the National Credit Union Administration (NCUA), and the Office of the Comptroller of the

¹¹⁵We previously estimated that between 22 and 43 percent of banks nationwide provided accounts for a type of money services business (money transmitters) from 2014 through 2016 (at the 95 percent confidence interval), based on a generalizable survey of banks. About one-third of them limited the number of accounts for money transmitters due to their higher risks, and the most commonly cited reason was that increasing BSA/AML compliance costs made such accounts unprofitable (although these particular results were not generalizable). See GAO, *Bank Secrecy Act: Examiners Need More Information on How to Assess Banks' Compliance Controls for Money Transmitter Accounts*, [GAO-20-46](#) (Washington, D.C.: Dec. 3, 2019).

¹¹⁶FinCEN has authority under the BSA to examine financial institutions for compliance with, and to take enforcement actions for violations of, the BSA and its implementing regulations.

Currency (OCC).¹¹⁷ In addition to FinCEN's BSA regulations, the federal banking agencies, as directed by statute, have prescribed their own regulations requiring their supervised banks to establish and maintain procedures designed to provide reasonable assurance of and monitor compliance with the BSA.¹¹⁸

Federal banking agencies generally are required to examine their supervised banks' BSA/AML compliance programs every 12 to 18 months as part of their on-site safety and soundness examinations.¹¹⁹ The examinations focus on assessing whether a bank has established and maintains a BSA/AML compliance program that is commensurate with its money laundering and terrorist financing risks. To do so, the agencies conduct risk-focused examinations, which include the minimum procedures in FFIEC's BSA/AML examination manual and any additional procedures determined appropriate based on identified risks. For example, as a minimum step, banking agency examiners are to assess whether a bank has established appropriate controls to identify and report suspicious activity in sufficient detail.

Federal banking agencies may take enforcement actions when they find BSA violations or other supervisory concerns.¹²⁰ They can communicate supervisory concerns to a bank's management through various channels, such as informal discussions during the examination, formal discussions following the examination, or findings in an examination report. If the bank does not respond to the concerns in a timely manner, the banking agencies may take informal or formal enforcement action, depending on

¹¹⁷The Secretary of the Treasury delegated BSA examination authority, but not enforcement authority, to each federal banking agency with respect to its supervised banking organizations. Federal banking agencies also have separate authority pursuant to 12 U.S.C. §§ 1786(q) and 1818(s) to ensure that banking organizations comply with BSA laws and regulations.

¹¹⁸See 12 U.S.C. § 1818(s); 12 U.S.C. § 1786(q); 12 C.F.R. §§ 21.21 (OCC); 208.63 (Federal Reserve); 326.8 (FDIC); and 748.2 (NCUA).

¹¹⁹The Federal Deposit Insurance Act and Federal Credit Union Act require the federal banking agencies to include a review of the BSA/AML compliance procedures in each examination of a bank under their supervision. See 12 U.S.C. §§ 1818(s)(2); 1786(q)(2).

¹²⁰See [GAO-19-582](#) for data on BSA-related enforcement actions taken by federal banking agencies.

the severity of the circumstances.¹²¹ Informal enforcement actions include obtaining a bank’s commitment to implement corrective measures under a memorandum of understanding or a board resolution.¹²² Formal enforcement actions include issuance of a cease-and-desist order, formal (written) agreement, civil money penalty, or removal and prohibition action. A federal banking agency is required by statute to issue a cease-and-desist order if it determines that a bank has failed to establish and maintain a BSA/AML compliance program or has failed to correct any problem with its compliance program that the agency previously reported to the bank.

FinCEN Data Show Nearly a Quarter of the Examined Banks Had BSA Violations, but Many Violations Were Technical

Our analysis of FinCEN’s data shows the federal banking agencies cited about 23 percent of their supervised banks for BSA violations each year in their fiscal year 2015–2018 examinations.¹²³ Our analysis also shows the agencies cited certain types of BSA violations more frequently than others (see fig. 15). After adjusting for differences in the number of examinations conducted by each agency during the period, the most frequently cited violations involved CTRs, SARs, and required information

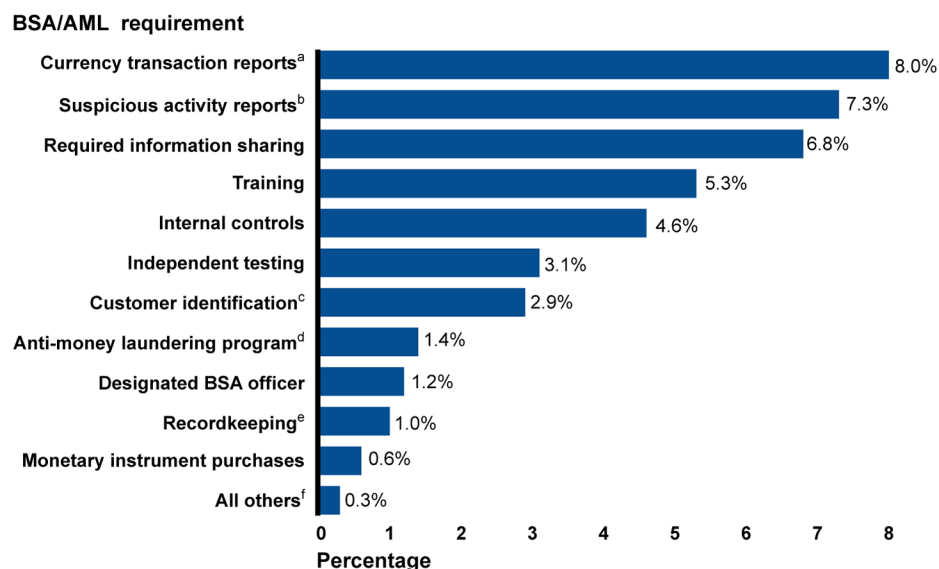
¹²¹According to the federal banking agencies, they generally take informal or formal enforcement actions in cases in which there is a lack of adequate bank response to a serious concern that demands immediate response or certain legal standards are triggered. In 2007, the agencies jointly issued a statement on BSA/AML enforcement to promote greater consistency in their BSA/AML enforcement decisions. See Federal Financial Institutions Examination Council, *Bank Secrecy Act/Anti-Money Laundering Examination Manual*, App. R (2014).

¹²²Informal enforcement actions are mutual agreements between a federal banking agency and bank to correct an identified problem. They generally involve written commitments from bank management to correct the problem and are used to address significant problems that can be corrected through a voluntary commitment from the bank’s management.

¹²³Under a 2004 memorandum of understanding with FinCEN, the federal banking agencies provide FinCEN with quarterly reports on the number of BSA examinations they have conducted, the number and types of BSA violations cited, and other related information. In reviewing FinCEN’s compilations of BSA violation data, we found that the data were not completely comparable across the agencies, in part because of differences in how the agencies classify and report BSA compliance concerns to FinCEN. As a result, we did not use FinCEN’s data to compare examination findings among the federal banking agencies. We previously found the same issue; see GAO, *Bank Secrecy Act: Opportunities Exist for FinCEN and the Banking Regulators to Further Strengthen the Framework for Consistent BSA Oversight*, GAO-06-386 (Washington, D.C.: Apr. 28, 2006). At the time, FinCEN officials said that FinCEN and the banking agencies discussed the issue of different terminology while drafting the memorandum of understanding. They agreed not to impose requirements for standardized terminology in the memorandum but to include a requirement for the agencies to report a “significant BSA violation or deficiency,” which they defined.

sharing. According to federal banking agencies, such types of BSA violations largely were technical and did not warrant formal enforcement action by the agencies.¹²⁴ According to FFIEC’s BSA/AML examination manual, examples of technical violations include a bank infrequently or inadvertently failing to (1) file CTRs, including in a timely manner, (2) file complete or accurate SARs, or (3) complete 314(a) information requests. We found examples of such violations in our review of the federal banking agencies’ BSA data covering their 2015–2018 examinations.

Figure 15: Percentage of Federal Banking Agency Examinations with Bank Secrecy Act (BSA) Violations by Type of Violation, Fiscal Years 2015–2018



Source: GAO analysis of Financial Crimes Enforcement Network data collected from federal banking agencies. | GAO-20-574

Note: Violations include violations cited under title 12 or title 31 of the United States Code. For the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System (Federal Reserve), and the Office of the Comptroller of the Currency (OCC), the percentage is calculated by dividing the number of BSA violations by the number of BSA examinations conducted within the federal regulator’s established BSA examination cycle, including examinations conducted by the regulator jointly with a state banking agency, and BSA examinations or visitations conducted outside the federal regulator’s established BSA examination cycle. For the National Credit Union Administration (NCUA), the percentage is calculated by dividing the number of BSA violations by the number of BSA examinations conducted within NCUA’s established BSA examination cycle, including examinations conducted by NCUA jointly with a state banking agency; BSA examinations or visitations conducted outside NCUA’s established BSA examination cycle; and the number of BSA examinations conducted by a state banking agency and reviewed by NCUA under an established joint or alternate examination program where the examination is not conducted by NCUA jointly with a state banking agency.

¹²⁴Isolated or technical violations are limited instances of noncompliance with the BSA that occur within an otherwise adequate system of policies, procedures, and processes.

^aWe combined violations covering currency transaction reports (31 C.F.R. §§ 1020.311, 1020.313, and 1020.315) and requirements for filing of reports (31 C.F.R. § 1010.306). Because the requirements for filing of reports cover more than currency transaction reports (e.g., foreign bank account reports and currency and monetary instrument reports), the totals may include violations involving such reports.

^bWe combined violations covering the Financial Crimes Enforcement Network's (FinCEN) regulations on suspicious activity reports for banks (31 C.F.R. § 1020.320) and regulations for suspicious activity reports from each banking agency (12 C.F.R. §§ 208.62, 211.5(k), 211.24(f), and 225.4(f) (Federal Reserve); 12 C.F.R. §§ 353.1-353.3 (FDIC); 12 C.F.R. § 748.1(c) (NCUA); and 12 C.F.R. § 21.11 and 12 C.F.R. § 163.180 (OCC)).

^cWe combined violations covering FinCEN's regulations on customer identification program (31 C.F.R. § 1020.220) and identification required (31 C.F.R. § 1020.312), and banking agencies' regulations on customer identification programs (12 C.F.R. §§ 208.63(b)(2), 211.5(m)(2), 211.24(j)(2) (Federal Reserve); 12 C.F.R. § 326.8(b)(2) (FDIC); 12 C.F.R. § 748.2(b)(2) (NCUA); and 12 C.F.R. § 21.21(c)(2) (OCC)).

^dWe combined violations covering FinCEN's anti-money laundering program requirements (31 C.F.R. § 1020.210) and banking agencies' regulations on compliance program requirements (12 C.F.R. § 208.63(b)(1), (c) (Federal Reserve); 12 C.F.R. § 326.8(b)(1), (c) (FDIC); 12 C.F.R. § 748.2(b)(1), (c) (NCUA); and 12 C.F.R. § 21.21(c)(1), (d) (OCC)). A compliance program must provide for a system of internal controls, provide for independent testing, designate an individual or individuals responsible for compliance, and provide training for appropriate personnel. The figure includes violations covering these specific requirements, but violations covering anti-money laundering program requirements also may involve violations of a more specific program requirement.

^eWe combined violations covering financial institution recordkeeping records to be made and retained by banks (31 C.F.R. § 1010.410 and 1020.410(a)) and additional recordkeeping—banks (31 C.F.R. § 1020.410(b)-(c)).

^fAll others captures the other BSA requirements that accounted for less than 1 percent of the total violations in aggregate for all four federal banking agencies. These requirements include foreign correspondent due diligence, structured transactions, voluntary information sharing, special measures, private banking account due diligence, foreign bank account reports, and foreign financial account records.

Figure 15 also shows that the federal banking agencies cited banks for BSA/AML compliance program (anti-money laundering program) violations in about 1.4 percent of their fiscal year 2015–2018 examinations. Federal banking officials told us that these types of violations are potentially systemic and, as discussed earlier, could require the agencies by statute to issue a formal enforcement action. According to FinCEN data, the Federal Reserve, FDIC, and OCC issued 123 BSA-related formal enforcement actions in fiscal years 2015–2018—representing less than 1 percent of the total BSA examinations that they conducted during the same period.¹²⁵ Based on our review of such enforcement actions, we found that the majority involved weaknesses in the banks' BSA/AML compliance programs.

¹²⁵NCUA did not issue any BSA-related formal enforcement actions during the period.

Stakeholders Had Mixed Views on Proposed Changes to BSA Reporting Requirements, and Agencies and Banks Are Exploring Technological Innovation

Stakeholders had mixed views on industry proposals to change the BSA's CTR and SAR reporting requirements.¹²⁶ In addition, FinCEN and the federal banking agencies have taken steps to help financial institutions to implement innovative approaches to meet their BSA/AML compliance requirements.

Stakeholders Identified Potential Benefits and Costs of Changing CTR and SAR Requirements

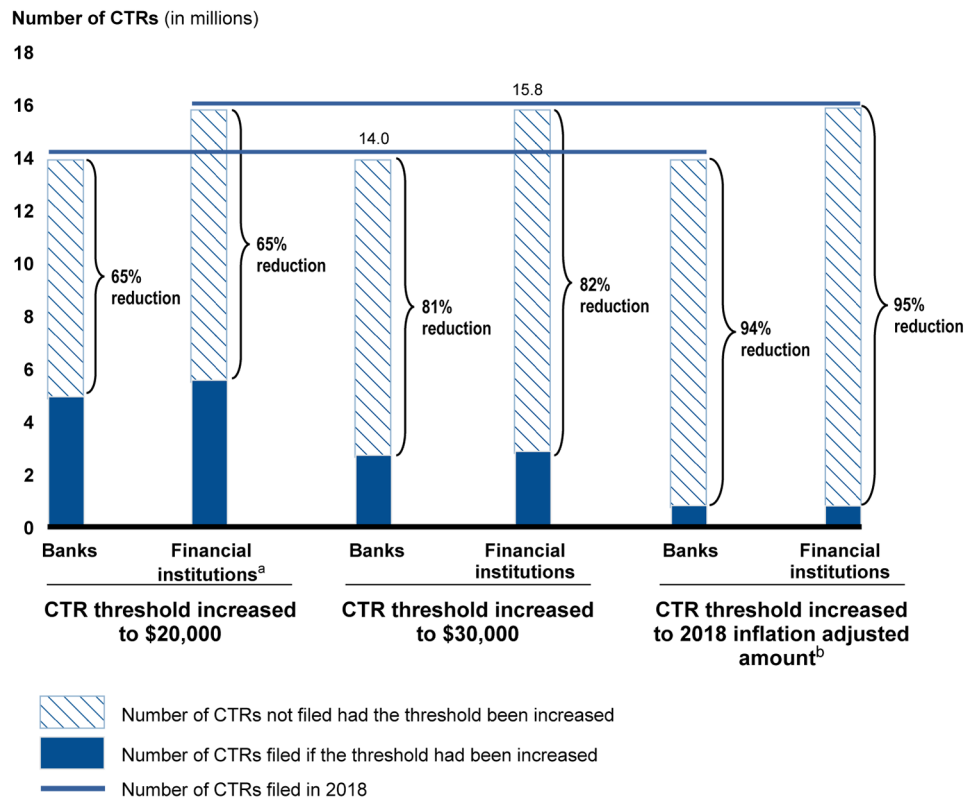
Increasing CTR Threshold

One proposal to reduce banks' BSA compliance burden has been to increase the threshold at which banks and other financial institutions must file a CTR from \$10,000 (as set when the BSA was first enacted in 1970) to \$20,000 or higher. FinCEN's analysis indicates that increasing the reporting threshold could significantly decrease the number of CTRs filed. In 2018, banks filed nearly 14 million CTRs, or 88 percent of the total number of CTRs filed by financial institutions. As shown in figure 16, increasing the CTR threshold from \$10,000 to \$20,000 would have resulted in banks filing around 65 percent fewer CTRs. Increasing the threshold to \$30,000 would have resulted in banks filing around 81 percent fewer CTRs. Finally, increasing the threshold to \$61,276 (original

¹²⁶Some stakeholders also have proposed or suggested that FinCEN (1) adopt procedures to issue interpretations of the BSA and its regulations that are similar to the procedures the Securities and Exchange Commission uses to issue no-action letters and (2) take full responsibility for examining large banks and other financial institutions for compliance with the BSA/AML requirements. See app. V and VI for additional information on these proposals, respectively.

1970 threshold adjusted for inflation) would have resulted in banks filing around 94 percent fewer CTRs.¹²⁷

Figure 16: Financial Crimes Enforcement Network (FinCEN) Analysis of Reduction in the Volume of Currency Transaction Reports (CTR) Filed in 2018 if the Reporting Threshold Had Been Increased



Source: Financial Crimes Enforcement Network analysis of currency transaction reports filed in 2018. | GAO-20-574

^aFinancial institutions include banks, casinos, money services businesses, and securities and futures firms.

^bThe inflation-adjusted CTR threshold was \$61,276 in 2018.

Officials from six federal law enforcement agencies told us that they generally oppose raising the CTR threshold, largely because it would reduce the amount of financial intelligence available to them for investigations, analysis, and prosecutions. For example, fewer CTRs could reduce opportunities for law enforcement to link financial

¹²⁷FinCEN utilized the Consumer Price Index inflation calculator, which showed that \$10,000 in October 1970 would equate to \$61,276 in December 2018.

transactions to criminal activity and identify subjects, coconspirators, and assets related to ongoing investigations. Officials also said that increasing the CTR threshold would make it easier for criminals to launder greater amounts of illicit proceeds. Further, officials told us the \$10,000 threshold may continue to be warranted because, as customers have shifted to electronic payments, large cash transactions may especially signal potentially suspicious activity. Finally, some officials said that law enforcement has used lower-dollar CTRs to investigate terrorism, fraud, and money laundering.

Our survey of six federal law enforcement agencies (as discussed earlier) found that their personnel reported using CTRs and found them useful. Specifically, we estimated that 67 percent of personnel reported using CTRs from 2015 through 2018, including an estimated 42 percent who used CTRs frequently or almost always.¹²⁸ Furthermore, we estimated that 39 percent and 27 percent of personnel found CTRs to be very useful or somewhat useful to their work, respectively.¹²⁹

Five of the six industry associations that we interviewed generally supported increasing the CTR reporting threshold to reduce costs, and one did not have a position. Most of the associations expected that an increase in the CTR threshold would reduce the number of CTRs that banks would have to file and, thus, reduce their compliance costs. They expected that smaller banks without automated systems to identify transactions and file CTRs would experience the greatest cost savings. At the same time, two associations told us that banks with automated systems could also experience some cost savings, such as by reducing the time that staff spend reviewing CTRs for accuracy before filing. As we discussed earlier, for the 11 banks in our case study, we found that their compliance costs for identifying relevant transactions and filing CTRs comprised, on average, 3 percent of their total direct BSA/AML compliance costs in 2018.

Increasing the SAR Threshold

Another proposal has been to increase the threshold at which banks and other financial institutions generally must file SARs from \$5,000 to

¹²⁸The 95 percent confidence intervals for these estimates are (65, 70) and (39, 44), respectively.

¹²⁹The 95 percent confidence intervals for these estimates are (37, 42) and (25, 30), respectively.

\$10,000.¹³⁰ FinCEN's analysis indicates that increasing the threshold could reduce the number of SARs filed by financial institutions. In 2018, financial institutions, excluding money services businesses, filed nearly 1.3 million SARs, and banks filed 75 percent of the total.¹³¹ Increasing the SAR threshold from \$5,000 to \$10,000 could have resulted in banks filing 21 percent fewer SARs, according to FinCEN analysis. For all types of financial institutions (excluding money services businesses), the threshold increase could have resulted in a decrease of almost 23 percent. Banks could continue to file SARs below the threshold, even if it were raised. FinCEN's analysis found that banks filed over 44,000 SARs (about 5 percent of the total SARs that banks filed) in 2018 that involved amounts below the \$5,000 threshold.¹³²

Officials from six federal law enforcement agencies expressed concerns that raising the SAR threshold, as with the CTR threshold, would reduce the amount of financial intelligence available to law enforcement agencies and harm their investigations.¹³³ Some said that fewer SARs filed by banks would mean law enforcement agencies would have less information to develop leads for investigations and identify patterns or trends of criminal activity. Officials from two agencies said that they routinely run the names of targets and other personal information through the BSA database to identify relevant SARs; thus, fewer SARs could result in fewer matches. Officials also said that the nature of the suspicious activity, such as human trafficking and terrorist financing, can be more relevant than the amount of money involved. In contrast, an official from one of the agencies said that he typically sets his search parameter above the SAR threshold when searching the BSA database,

¹³⁰FinCEN established the \$5,000 reporting threshold for SARs in 1996, and the amount would equate to approximately \$8,037 in December 2018 based on the Consumer Price Index inflation calculator.

¹³¹We excluded money services businesses, because these financial institutions are generally subject to a \$2,000 SAR reporting threshold instead of a general \$5,000 SAR threshold like all other types of financial institutions.

¹³²FinCEN's analysis found that financial institutions, excluding money services businesses but including banks, filed 81,844 SARs that involved amounts less than \$5,000 in 2018.

¹³³We previously reported that some federal law enforcement agencies facilitated complex analyses by using SAR data with their own data sets and that federal, state, and local law enforcement agencies collaborated to review and start investigations based on SARs. See GAO, *Bank Secrecy Act: Suspicious Activity Report Use Is Increasing, but FinCEN Needs to Further Develop and Document Its Form Revision Process*, [GAO-09-226](#) (Washington, D.C.: Feb. 27, 2009).

indicating that his searches may not be affected by a higher SAR threshold. While banking industry association officials raised questions about the potential for the large volume of SARs to overwhelm law enforcement's ability to review them, several law enforcement officials told us that they are less concerned about the large volume of SARs filed by banks, because they are able to electronically search FinCEN's BSA database to identify relevant reports.

Our survey of six federal law enforcement agencies (as discussed earlier) found that their personnel reported that they used SARs and found such reports to be useful. Specifically, we estimated that 72 percent of personnel reported using SARs from 2015 through 2018, including an estimated 53 percent who used SARs frequently or almost always.¹³⁴ Furthermore, an estimated 50 percent and 22 percent of personnel found SARs to be very or somewhat useful to their work, respectively.¹³⁵ Finally, an estimated 47 percent of personnel could not obtain information in BSA reports from another source.¹³⁶

Four of the six industry associations that we interviewed supported increasing the SAR reporting threshold to reduce costs, and two did not have a view on the issue. All of the associations generally expected that a higher SAR threshold would reduce the number of suspicious activity alerts that banks would need to research and, in turn, the number of SARs filed. At the same time, three of the associations did not expect an increase in the SAR threshold to have a large effect on reducing BSA compliance costs for banks. Their reasons included that banks would need to continue to monitor and research suspicious activity regardless of the threshold, may consider the nature of the suspicious activity and not the SAR threshold when deciding whether to research a suspicious activity alert, and may file SARs below the threshold, in part because there is no risk in doing so. As discussed earlier, for the 11 banks in our case study, we found that their compliance costs for identifying, researching, and, if required, filing SARs ranged from a low of 6 percent

¹³⁴The 95 percent confidence intervals for these estimates are (70, 75) and (50, 56), respectively.

¹³⁵The 95 percent confidence intervals for these estimates are (47, 53) and (20, 24), respectively.

¹³⁶The 95 percent confidence interval for the estimate is (43, 50).

Streamlining SAR Filings for Structuring

to a high of 44 percent (or 25 percent on average) of their total direct BSA compliance costs in 2018.

Five of the six industry associations we interviewed generally supported reducing the narrative section for SAR filings involving a potential structuring violation—that is, the breaking up of currency transactions for the purpose of evading the BSA’s reporting and recordkeeping requirements.¹³⁷ According to FinCEN’s analysis, 278,358 SARs, or 28 percent, filed by banks in 2018 potentially involved a structuring violation. The SAR narrative is expected to address questions about who, what, where, when, and why with respect to the suspicious activity, but industry officials said that the narrative for a SAR involving structuring may not need to address every element, in part because of the known nature of the activity.¹³⁸ FinCEN officials told us that FinCEN’s contracted BSA value study (as discussed earlier) and the BSA Advisory Group are reviewing ways to make recommendations to streamline SARs.¹³⁹

Officials from three of the four federal law enforcement agencies told us that the narrative for structuring SARs may not need to be as detailed as for other SARs but should provide useful information, if available. For example, the narrative may include information from the tellers or bank managers, such as their observations about the behavior of the customers. An official from a fourth agency said that the narrative for a structuring SAR should be as detailed as possible because the SAR might be the only available financial intelligence.

¹³⁷According to FinCEN, structuring can take two basic forms. First, a customer might deposit currency on multiple days in amounts under \$10,000 for the intended purpose of circumventing a bank’s obligation to report any cash deposit over \$10,000 on a CTR. Although such deposits do not require aggregation for currency transaction reporting because they occur on different business days, they nonetheless meet the definition of structuring under the BSA, implementing regulations, and relevant case law. In another variation, a customer may engage in multiple transactions during 1 day or over a period of several days or more, in one or more branches of a bank, in a manner intended to circumvent either the currency transaction reporting requirement or some other BSA requirement, such as the recordkeeping requirements for funds transfers of \$3,000 or more.

¹³⁸See, for example, *The SAR Activity Review: Trends, Tips & Issues*, issue 2 (June 2001), pp. 32–34.

¹³⁹In 2019, OCC issued interpretive letter #1166, which concluded that a bank may be able to automate certain processes for identifying and reporting potential structuring activity under specified conditions and limitations in compliance with OCC’s BSA/AML regulations.

Allowing U.S. Banks to Share SARs or Related Information with Their Foreign Branches

Some Members of Congress and an industry association have proposed allowing banks to share SARs or related information with their foreign branches, subsidiaries, and affiliates to help combat illicit financing.¹⁴⁰ In 2006, FinCEN and federal banking agencies jointly confirmed that under the BSA and its implementing regulations (1) a U.S. branch or agency of a foreign bank may disclose a SAR to its head office outside the United States and (2) a U.S. depository institution may disclose a SAR to controlling companies whether domestic or foreign.¹⁴¹ Such disclosures are limited to the purposes of helping the head office or controlling company fulfill its enterprise-wide risk management and compliance responsibilities, including overseeing its branch's, office's, or depository institution's BSA compliance.¹⁴²

In 2010, FinCEN issued an additional notice concluding that a bank that has filed a SAR may share the SAR, or any information that would reveal the existence of the SAR, with an affiliate, provided the affiliate is subject to a SAR regulation.¹⁴³ However, according to the notice, a U.S. bank that has filed a SAR may not share the SAR, or any information that would

¹⁴⁰For example, The Counter Terrorism and Illicit Finance Act, H.R. 6068, 115th Cong. § 4 (2018), would have required the Secretary of the Treasury to “issue rules permitting any financial institution with a reporting obligation . . . to share information on reports under this subsection with the institution’s foreign branches, subsidiaries, and affiliates for the purposes of combating illicit finance risks.” Additionally, the ILLICIT CASH Act, S. 2563, 116th Cong. § 305 (2019), would establish a pilot program that would generally permit financial institutions to share SARs and information on such reports with the institution’s foreign branches, subsidiaries, and affiliates for the purpose of combating illicit finance risks, provided that the foreign entity is located in an Organization for Economic Cooperation and Development member jurisdiction.

¹⁴¹Financial Crimes Enforcement Network, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision, *Interagency Guidance on Sharing Suspicious Activity Reports with Head Offices and Controlling Companies* (Jan. 20, 2006). A controlling company is defined as (1) a bank holding company, as defined in Section 2 of the Bank Holding Company Act or (2) a savings and loan holding company, as defined in Section 10(a) of the Home Owners’ Loan Act.

¹⁴²According to the *Interagency Guidance*, a depository institution, as part of its AML program, must have written confidentiality agreements or arrangements in place specifying that the head office or controlling company must protect the confidentiality of the SARs through appropriate internal controls.

¹⁴³Financial Crimes Enforcement Network, *Guidance: Sharing Suspicious Activity Reports by Depository Institutions with Certain U.S. Affiliates*, FIN-2010-G006 (Nov. 23, 2010). The notice also states that the depository institution, as part of its internal controls, should have policies and procedures in place to ensure that its affiliates protect the confidentiality of the SAR.

reveal the existence of the SAR, with its foreign branches because such affiliates are not subject to a SAR regulation. According to FinCEN, the sharing of a SAR with a non-U.S. entity raises additional concerns about the ability of the foreign entity to protect the SAR's confidentiality in light of possible requests for disclosure abroad that may be subject to foreign law.

One of the six industry associations we interviewed said allowing U.S. banks to share SAR information with foreign affiliates would result in better risk management for the bank, higher quality SARs, and a more complete picture of illicit activity and trends. One risk, however, is the potential for unauthorized disclosure of a SAR. To mitigate the risk, the association suggested that sharing could be restricted to foreign affiliates in countries that have AML compliance regimes similar to that of the United States.

Our analysis of FFIEC data shows that 34 of the approximately 5,250 insured U.S. banks (excluding credit unions) had one or more foreign branches in 65 foreign countries in 2019. Some of these countries may have AML regimes similar to that of the United States. For example, the Financial Action Task Force identified 20 of the 65 countries as having a high or substantial level of effectiveness in coordinating domestic actions to combat money laundering and the financing of terrorism and proliferation of weapons of mass destruction.¹⁴⁴

According to FinCEN officials, the BSA Advisory Group is considering making recommendations related to foreign affiliate sharing, but FinCEN does not yet have a position on this potential reform. The FinCEN officials said that certain banks are also interested in being allowed to share with their affiliates that a SAR has been filed but not the SAR itself. The officials said that FinCEN plans to consider this distinction in its analysis and discussions with the BSA Advisory Group.

¹⁴⁴See Financial Action Task Force, *Consolidated Table of Assessment Ratings* (Feb. 6, 2020). The Financial Action Task Force is an intergovernmental body established in 1989 by the ministers of its member jurisdictions, which include the United States. Its objectives are to set standards and promote effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system.

FinCEN and the Banking Agencies Are Promoting Innovation to Meet BSA/AML Requirements

Agency Efforts to Promote Innovation

FinCEN and the federal banking agencies jointly issued a statement in December 2018 to encourage banks to consider, evaluate, and, where appropriate, responsibly implement innovative approaches to meet their BSA/AML compliance requirements.¹⁴⁵ Innovative approaches can include artificial intelligence and digital identity technologies designed to strengthen BSA/AML compliance programs and enhance transaction monitoring systems. In the statement, the agencies recognized that innovation can help banks to identify and report money laundering, terrorist financing, and other illicit financial activity by enhancing the effectiveness and efficiency of their BSA/AML compliance programs. The agencies noted that they will not penalize or criticize banks that maintain effective BSA/AML compliance programs but choose not to pursue innovative approaches.

According to the joint statement, banks can use pilot programs to test and validate the effectiveness of innovative approaches, and pilot programs themselves should not be subject to regulatory criticism if they prove unsuccessful. If a bank's pilot program were to reveal gaps in its BSA/AML compliance program, the supervising agencies said they would not necessarily assume the bank's program is deficient and take regulatory action.

In connection with the joint statement, FinCEN launched its "Innovation Initiative" to foster a better understanding of the opportunities and challenges of BSA/AML-related innovation in the financial services sector. The initiative comprises a number of activities, including (1) FinCEN's Innovation Hours Program, where technology providers and other firms meet to discuss and showcase their innovative products, services, and approaches; (2) consideration of granting an exception to a BSA regulatory requirement, where necessary and appropriate, to facilitate innovative solutions to BSA/AML compliance challenges; and (3) ongoing efforts to identify ways to enhance existing feedback and information

¹⁴⁵Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Financial Crimes Enforcement Network, National Credit Union Administration, and Office of the Comptroller of the Currency, *Joint Statement on Innovative Efforts to Combat Money Laundering and Terrorist Financing* (Dec. 3, 2018).

sharing programs. According to FinCEN, the agency is considering the feasibility of incorporating demonstration and application testing capabilities to facilitate the development of innovative solutions to challenges in countering money laundering and terrorist financing.

Federal banking agencies also have taken or plan to take steps to promote responsible innovation. For example, OCC and FDIC have established offices to support responsible innovation, including for BSA compliance. Federal Reserve and OCC officials said that some of their supervised banks are working together to explore the use of innovative approaches for BSA compliance, and one group has requested regulatory relief from FinCEN. FDIC and NCUA officials told us that they are not aware of any requests from their supervised banks about testing innovative approaches.

Representatives of five of the six industry associations we interviewed generally supported the joint statement, and the other one did not have a view on it. Representatives of one association told us that regulators can do more to encourage innovation, such as by streamlining the approval process to allow a bank to use innovative approaches. Representatives of two associations expressed concern that examiners may start to expect small banks to adopt technology, contrary to the joint statement's expectations.

New Technologies May Help Banks Enhance Their BSA/AML Programs

As we reported in March 2018, many financial services firms (including those in the banking, securities, and insurance industries) have begun to integrate artificial intelligence and other technology tools into their computer systems and operations.¹⁴⁶ Such new technologies offer banks opportunities to better manage their costs and increase their ability to comply with BSA/AML requirements, including to identify suspicious activity. Examples include the following.

- **Customer due diligence requirements.** Artificial-intelligence-based tools can enhance a bank's ability to understand the profile or characteristics of its customers from a variety of sources, including the transactions that the customers execute. In particular, remittance transfers—funds sent from a sender in one country to a recipient in another country—can pose money laundering risks, as funds related to illicit activity may go undetected due to the large volume of

¹⁴⁶See GAO, *Technology Assessment: Artificial Intelligence: Emerging Opportunities, Challenges, and Implications*, [GAO-18-142SP](#) (Washington, D.C.: Mar. 28, 2018).

transactions or remittance providers' inadequate oversight of the various entities involved.¹⁴⁷ Banks are implementing artificial-intelligence-based tools that incorporate machine learning to help them understand the relationships and patterns of transactions that may emerge between a customer and other individuals and to recognize the potential for criminal activities among these transactions. Two of the banks we reviewed told us that they use software that incorporates artificial intelligence and machine learning to monitor their customer transactions and identify anomalies based on the transaction history.¹⁴⁸

- **Trade-based money laundering.** In December 2019, we reported on efforts to develop and employ new tools and technologies that could address vulnerabilities in trade-based money laundering.¹⁴⁹ For example, regulatory agencies and market participants are exploring the use of distributed ledger technology, including blockchain, to improve supply chain visibility and integrity.¹⁵⁰ Additionally, we found that a large bank was piloting a project to digitize and automate its document review process for trade finance transactions. These tools could address challenges related to trade-based money laundering—such as the use of fraudulent documentation and the general lack of visibility into the underlying documentation of individual transactions on behalf of regulatory agencies and other market participants—in international trade, supply chain integrity, and trade finance.

Conclusions

Under the BSA, banks play an important role in helping FinCEN and law enforcement combat money laundering, terrorist financing, and other

¹⁴⁷See GAO, *International Remittances: Money Laundering Risks and Views on Enhanced Customer Verification and Recordkeeping Requirements*, [GAO-16-65](#) (Washington, D.C.: Jan. 15, 2016).

¹⁴⁸Similarly, an OCC official testified that some banks have started using artificial intelligence to more accurately identify suspicious activity and generate information that can assist law enforcement in more accurately detecting transaction patterns and threats. See Grovetta N. Gardineer, Senior Deputy Comptroller for Compliance and Community Affairs, Office of the Comptroller of the Currency, testimony before the Senate Committee on Banking, Housing, and Urban Affairs, 115th Congress, 2nd session, November 29, 2018.

¹⁴⁹GAO, *Countering Illicit Finance and Trade: U.S. Efforts to Combat Trade-Based Money Laundering*, [GAO-20-314R](#) (Washington, D.C.: Dec. 30, 2019).

¹⁵⁰Distributed ledger technologies, such as blockchain, are a secure way of conducting and recording transfers of digital assets without the need for a central authority. See also GAO, *Science & Tech Spotlight: Blockchain & Distributed Ledger Technologies*, [GAO-19-704SP](#) (Washington, D.C.: Sept. 16, 2019).

crimes. Through their BSA/AML compliance programs, banks filed over 975,000 SARs and nearly 14 million CTRs in 2018. As shown by our survey, federal law enforcement agencies use such BSA reports extensively in their criminal investigations and prosecutions. At the same time, our case studies of 11 banks found that complying with the BSA's compliance program and other requirements can be costly—ranging from a low of 0.4 percent to a high of 4.9 percent of their total operating expenses.

FinCEN is in the process of analyzing the value of BSA reports to make the BSA/AML framework more efficient and effective. However, we found that law enforcement agencies could use BSA reports to a greater extent. FinCEN could help achieve this outcome by developing written policies and procedures that promote the greater use of BSA reports by law enforcement agencies without direct access to them. Promoting the greater use of reports, such as by developing and implementing an outreach strategy and distributing education materials, could make more agencies aware of this source of information and how they could use BSA reports in their investigations and prosecutions, while safeguarding the reports from improper disclosure.

Recommendation for Executive Action

The Director of FinCEN should develop and implement written policies and procedures to help promote the greater use of BSA reports by law enforcement agencies that do not have direct access to the BSA database. Such policies and procedures could include outreach strategies and educational or training materials. (Recommendation 1)

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of Homeland Security, the Department of Justice, FDIC, the Federal Reserve, Treasury/FinCEN, the Internal Revenue Service, NCUA, and OCC for their review and comment. We received technical comments from the Department of Homeland Security, the Department of Justice, FDIC, FinCEN and OCC, which we incorporated into the final report as appropriate. The Federal Reserve and the Internal Revenue Service told us that they had no comments.

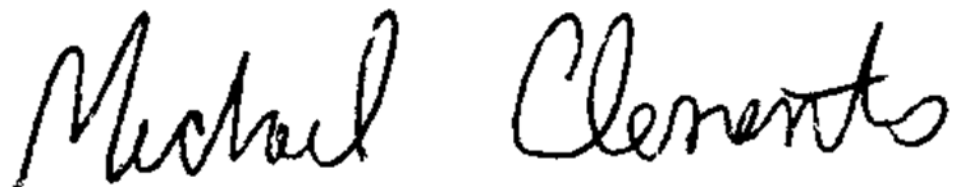
We also received written comments from FinCEN and NCUA that are reprinted in appendixes VII and VIII, respectively. In its written comments, NCUA noted that it had no comments on the draft report. In its written comments, FinCEN agreed with our recommendation and noted that the most effective way to promote law enforcement's greater use of BSA reports is through state coordinators. However, FinCEN disagreed that it currently lacks policies and procedures to promote greater law

enforcement access to BSA reporting. According to FinCEN, it undertakes numerous initiatives to promote access and awareness, such as by supporting law enforcement, publicly recognizing law enforcement's use of BSA reports in criminal investigations, and discussing the value of BSA reports at public events. While these activities can help promote law enforcement's greater use of BSA reports, they are not guided by written policies and procedures deliberately designed to promote the use of BSA reports by law enforcement agencies without direct access to such reports. As discussed in the report above, we estimated that between 4 and 8 percent of the more than 15,000 state and local police departments requested that their state coordinators to conduct searches for BSA reports in 2018. At the same time, about 87 percent of large local police departments and 24 percent of smaller local police departments designated personnel to investigate financial crimes, and our survey of federal law enforcement agencies found that such agencies frequently use BSA reports in their investigations of financial and related crimes.

We are sending copies of this report to the appropriate congressional committees, the Secretary of the Treasury, the Attorney General, the Acting Secretary of Homeland Security, the Commissioner of the Internal Revenue Service, the Chairman of FDIC, the Chairman of the Federal Reserve, the Chairman of NCUA, the Acting Comptroller of the Currency, and other interested parties. This report will also be available at no charge on our website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8678 or ClementsM@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IX.

Sincerely yours,



Michael E. Clements
Director, Financial Markets and Community Investment

Appendix I: Objectives, Scope, and Methodology

This report examines (1) the extent to which law enforcement agencies use Bank Secrecy Act (BSA) reports and to which the Financial Crimes Enforcement Network (FinCEN) facilitates access to and use of the reports, (2) costs that selected banks incur to comply with BSA and anti-money laundering (AML) requirements, (3) federal banking agencies' examinations of banks for compliance with BSA/AML requirements, and (4) stakeholder views on potential changes to BSA reporting requirements and steps that federal banking agencies and banks have taken to explore innovative approaches to comply with BSA/AML requirements.¹ The federal banking agencies included in our review are the Board of Governors of the Federal Reserve System (Federal Reserve), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), and the Office of the Comptroller of the Currency (OCC).

Extent to Which Law Enforcement Agencies Use BSA Reports

To address the first objective, we took the following steps:

Survey on law enforcement agencies' use of BSA reports. We administered a web-based survey to a generalizable sample of 5,257 investigators, analysts, and prosecutors (whom we collectively refer to as law enforcement personnel) at U.S. Immigration and Customs Enforcement's Homeland Security Investigations (HSI) and the U.S. Secret Service (Secret Service) at the Department of Homeland Security; The Drug Enforcement Administration (DEA), the Federal Bureau of Investigation (FBI); and the Offices of the United States Attorneys (U.S. Attorneys' Offices) at the Department of Justice; and the Internal Revenue Service-Criminal Investigation (IRS-CI) about their use of BSA reports for investigations, analysis, and prosecutions.² To select the federal law enforcement agencies included in our survey, we analyzed FinCEN's data to identify which agencies have direct access to the BSA database and assess the extent to which they use the database. We identified law enforcement agencies that conducted the most searches of

¹Bank Secrecy Act, Pub. L. No. 91-508, 84 Stat. 1114-24 (1970) (codified as amended in scattered sections of 12 U.S.C., 18 U.S.C., and 31 U.S.C.). Regulations implementing the Bank Secrecy Act primarily appear in 31 C.F.R. Ch. X. Under the BSA's implementing regulations, the term "bank" includes each agent, agency, branch, or office within the United States of commercial banks, savings and loan associations, thrift institutions, credit unions, and foreign banks. See 31 C.F.R. § 1010.100(d). Unless otherwise noted, we use the term "bank" to include credit unions and "federal banking agencies" to include the National Credit Union Administration.

²For purposes of our survey, we considered the U.S. Attorneys' Offices to be one entity.

Appendix I: Objectives, Scope, and Methodology

the database from 2014 through 2018.³ From among these agencies, we selected six because they provided a mix of primary activities (investigations and prosecutions) and crimes (see table 5). In 2018, these six agencies conducted approximately 57 percent of law enforcement agency searches of the BSA database for specific cases.⁴

Table 5: Law Enforcement Agencies Included in GAO’s Survey

Agency	Mission	Primary criminal focus
Drug Enforcement Administration	Enforces the controlled substance laws and regulations of the United States and brings to the criminal and civil justice system those organizations involved in the growing, manufacture, or distribution of controlled substances	Organizations that grow, manufacture, or distribute controlled substances, including drug gangs
Federal Bureau of Investigation	Protects the nation from terrorism, espionage, cyberattacks, and major criminal threats through intelligence-gathering and law enforcement responsibilities	Civil rights, counterintelligence, cybercrime, organized crime, public corruption, terrorism, violent crime, weapons of mass destruction, white collar crime
Homeland Security Investigations	Investigates, disrupts, and dismantles terrorist, transnational, and other criminal organizations that seek to exploit the customs and immigration laws of the United States	Cross-border criminal activities, including financial crime, smuggling, cybercrime, child exploitation, trafficking, fraud, human rights violations, transnational gangs, and counterterrorism and visa security
Internal Revenue Service-Criminal Investigation	Investigates potential criminal violations of the Internal Revenue Code and related financial crimes	Tax, money laundering, and Bank Secrecy Act regulations
Offices of the United States Attorneys	Serves as the nation’s principal litigators under the direction of the Attorney General	Prosecution of criminal cases brought by the federal government and the collection of debts owed the federal government that are administratively uncollectable
U.S. Secret Service	Provides physical protection to the nation’s highest elected leaders and visiting foreign dignitaries, as well as for facilities and major events, and safeguards the payment and financial systems of the United States from a wide range of financial and computer-based crimes	Counterfeiting of U.S. currency and other financial crimes, including fraud; cybercrimes; and missing and exploited children

Source: GAO analysis of information provided by each respective surveyed agency and a review of publicly available documents. | GAO-20-574

We used data from each agency to build our population frame. Specifically, we requested that each agency provide a list of job positions

³For this analysis, we considered the 93 U.S. Attorneys’ Offices to be one agency.

⁴This measure excludes search requests and database searches conducted using downloaded data. According to FinCEN, as of December 2018, 10 federal agencies had agreements with FinCEN to download the BSA database onto their agency’s internal computer system. FinCEN does not track data on the number of searches made by personnel with access through their agency’s system.

that would potentially use BSA reports in their activities. We limited the positions to those with primary responsibility for investigations, analysis, and prosecutions. We stratified the population by agency and by area of primary responsibility. We also requested information—title or job series, department or office, office geographic location, and GS-level (or equivalent information, such as years of service or pay-scale grade)—for each federal employee in those positions as of December 31, 2018.⁵

To select our sample population, we calculated the sample size needed for a 95 percent confidence interval for an attribute that is within plus or minus 5 percentage points at the levels of (1) agency and (2) primary area of responsibility (e.g., analysis, investigations, or prosecutions), for all agencies, assuming a 50 percent response rate. This level of precision allowed us to make comparisons between agencies and between primary responsibilities. To increase the probability that we would have sufficient responses to report the responses of personnel responsible for analysis, we doubled the sample size for those personnel.

The survey included questions on law enforcement personnel's use of BSA reports when starting or conducting criminal investigations; analyzing trends, patterns, and issues associated with criminal activity (separate from ongoing case work); and working on criminal prosecutions (after the person has been formally accused of committing a crime and including for criminal or civil asset forfeitures or for restitution purposes). To develop our survey instrument, we reviewed testimony, speeches, guidance, and reports by FinCEN, law enforcement agencies, and other stakeholders, and prior GAO reports about use of BSA reports. We supplemented our document review with interviews with law enforcement experts and officials from the Department of Justice Criminal Division, DEA, Executive Office for U.S. Attorneys (EOUSA), FBI, FinCEN, HSI, IRS-CI, and Secret Service. To help ensure that our survey questions were relevant and reasonable and that survey respondents could provide reliable and valid responses, we conducted 10 pretests of our survey instrument, including at least one pretest with staff from each of the six

⁵To determine if a position had responsibility for investigations, analysis, or prosecutions, we reviewed position job descriptions and, where provided, Office of Personnel Management job classifications, and requested input from agency staff. We excluded the following position types from our survey population: contractors, external task force members, state and local law enforcement personnel, clerical or administrative staff, personnel officers, students or trainees, and trainers or instructors.

agencies in our survey, and incorporated their feedback. Our survey expert also reviewed the instrument and provided feedback.

We administered our survey from November 9, 2019, through March 16, 2020. In advance of the survey release, we sent a survey notification email to survey recipients, and the agencies' management also notified staff about the survey. To encourage participation, we conducted follow-up efforts, including sending multiple email reminders and contacting nonrespondents through phone calls or reminders from agency management. These reminders allowed us to encourage survey recipients to complete the survey and provided support in accessing the survey questionnaire.

We received responses from approximately 57 percent of the population surveyed (unweighted).⁶ We found a significant association between sampling strata (agency and area of primary responsibility) and seniority in the agency (measured by GS-level or equivalent) and the propensity for an individual survey recipient to respond. We adjusted for these characteristics using standard propensity cell weighting class adjustments defined by a model that included sampling strata and a categorical measure of seniority and assumed that nonresponse adjusted data were missing at random. We treated the respondent analyses using the nonresponse adjusted final analysis weights as unbiased for the eligible population of personnel in the survey and the responses as generalizable for the six agencies in aggregate, for each agency, and by primary responsibility.

We analyzed survey results for the six agencies in aggregate, for each agency, and by primary responsibility based on the respondent's position type. We examined the extent to which law enforcement personnel reported using BSA reports, the purposes for which they were used, and the extent to which alternative information sources were available. We also examined the types of crimes for which personnel reported using BSA reports and the frequency and usefulness of seven types of BSA

⁶Unweighted response rates (the number of respondents divided by the number sampled) are a measure of the proportion of the sample that resulted in usable information. Weighted response rates (the same calculation except that the numbers are weighted by the number of individuals each person represents in the sample) are the measure of the proportion of the population for which useable information was available. For this survey, our weighted response rate of 56 percent was similar to our unweighted response rate.

reports.⁷ For the survey results, see appendix II. Margins of error were plus or minus 15 percentage points or less.

Because we followed a probability procedure based on random selections, our sample is only one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample's results as a 95 percent confidence interval (for example, plus or minus 7 percentage points). This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn. Confidence intervals are provided along with each sample estimate in the report. All survey results presented in the report are generalizable to the respective population of in-scope law enforcement personnel in the six federal agencies, except where otherwise noted.

In addition to the reported sampling errors, the practical difficulties of conducting any survey may introduce other types of error, commonly referred to as nonsampling errors. For example, differences in how a particular question is interpreted, the sources of information available to respondents, or the types of people who do not respond can introduce unwanted variability into the survey results. We included steps in both the data collection and data analysis stages to minimize such nonsampling errors.⁸

Analysis of data on BSA report access and use. To describe agencies' access to and use of the BSA database, we compiled and analyzed data on database access and use from 2014 through 2018.⁹ Specifically, we obtained from FinCEN a list of entities with signed agreements to directly access the BSA database and annual data on each entity's use history, including the number of registered users, the number of database searches, and the number of searches conducted on behalf of others

⁷Our survey asked about seven BSA reports: the Currency and Monetary Instrument Report, Currency Transaction Report, Designation of Exempt Person, Foreign Bank Account Report, Form 8300, Monetary Service Business registration form, and Suspicious Activity Report.

⁸For example, we worked with the agencies to develop accurate sample frames, pretested the survey instrument, conducted follow-ups with nonrespondents to achieve at least a 50 percent response rate for all agencies except Secret Service and for all areas of primary responsibility, developed logic rules to identify inconsistent responses, analyzed item nonresponses, and adjusted for survey non-response.

⁹For this report, we analyzed database access and use by agencies external to FinCEN; therefore, we excluded use by FinCEN staff.

from 2014 through 2018. We assessed the reliability of these data by reviewing relevant documentation; interviewing knowledgeable FinCEN staff; and electronically testing the data for duplicates, missing values, and invalid values. We determined that the data were sufficiently reliable for the purpose of describing agencies with access to BSA reports and their database search activities. For purposes of our analysis, we assumed that each entity on FinCEN's list was an "agency," meaning that if an entity had multiple subentities with access, we assumed each subentity was a unique agency with its own characteristics. For each agency in FinCEN's data set, we added the following indicators:

- **Jurisdiction.** Based on a review of the agency name or website, we categorized each agency as federal, state, local, or nongovernmental.¹⁰ For state and local agencies, we added an additional indicator of the state where the agency had jurisdiction.
- **Type.** We labeled each agency as either a law enforcement agency, financial institution regulator (with responsibility for regulating institutions with BSA/AML compliance requirements), or other.¹¹ For purposes of our report, we defined a law enforcement agency as an agency that employs full-time law enforcement officers or prosecutes criminal activity, including the U.S. Attorneys' Offices, state attorney general offices, and district attorney offices. To help ensure comparability between federal and state agencies, we considered all state revenue authorities with a criminal investigation unit to be law enforcement agencies (similar to IRS-CI).¹²
- **Law enforcement agency role.** For law enforcement agencies, we added an additional indicator of the agency's primary law-

¹⁰For purposes of our review, we categorized agencies located in the District of Columbia and Puerto Rico as state agencies. We excluded agencies from the other U.S. territories because none of them had state coordinators.

¹¹The Bank Secrecy Act defines financial institutions as insured banks, licensed money transmitters, insurance companies, travel agencies, broker-dealers, and dealers in precious metals, among other types of businesses. See 31 U.S.C. § 5312(a)(2). For additional information on regulation of financial institutions' compliance with BSA/AML requirements, see GAO, *Bank Secrecy Act: Agencies and Financial Institutions Share Information but Metrics and Feedback Not Regularly Provided*, [GAO-19-582](#) (Washington, D.C.: Aug. 27, 2019).

¹²To identify the states whose revenue authorities had criminal investigation units, we reviewed the websites of each state revenue authority and considered those states to have an investigation unit if they had a unit or department charged with criminal investigations.

enforcement-related activity: whether it employed full-time federal law enforcement officers or was a police department, prosecutor's office, revenue authority (for state revenue authorities), or other. We categorized the law enforcement agency's primary role based on the agency's name or review of the agency's website and related documents.

- **FinCEN state coordinator.** Using information provided by FinCEN, we labeled agencies that were FinCEN state coordinators in March 2019.¹³

To count the number of agencies with direct access to the database from 2014 through 2018, we considered each agency with at least one registered user in that year to have had database access in that year.¹⁴ We calculated the total number of agencies and the total by jurisdiction and agency type, and, for law enforcement agencies, by role annually and calculated the percentage change in the number of agencies in each category with access from 2014 through 2018.

To analyze the number of law enforcement agencies with and without direct access to the BSA database, we compared the number of law enforcement agencies with direct access to the total number of law enforcement agencies by jurisdiction and agency role.¹⁵ For purposes of this calculation, we limited the analysis of state law enforcement agencies to one police agency and one attorney general office per state, plus one revenue authority for those states with state revenue authorities with

¹³According to FinCEN, each state has at least one agency that serves as the FinCEN state coordinator and conducts searches of the BSA database at the request of state and local agencies in that state.

¹⁴A registered user is an authorized user who has the ability to access and search the BSA database.

¹⁵We used the following data sources for our comparisons: Department of Justice, *Federal Law Enforcement Officers, 2016—Statistical Tables*, Bureau of Justice Statistics NCJ 251922 (Washington, D.C.: October 2019); *Local Police Departments, 2016: Personnel*, Bulletin NCJ 252835 (Washington D.C.: October 2019); and *Choose Justice: Guide to the U.S. Department of Justice for Law Students and Experienced Attorneys* (Washington, D.C.: December 2011). (For purposes of this report, we assumed the results for the 2016 analyses were representative of the 2014 through 2018 period.) We also used data from the National Association of Attorneys General on state attorneys general.

criminal investigation units.¹⁶ For consistency among the state agencies we analyzed, we excluded nine specialized state agencies in seven states with direct access to the BSA database in 2018. These agencies may employ full-time law enforcement officers, but we did not have equivalent information on these specialized agencies for each state and therefore did not include them in this calculation. In addition, we did not have data on the total number of local prosecutorial agencies. As a result, we were unable to identify the percentage of local prosecutorial agencies or total local law enforcement agencies with database access. For our analysis, we used the percentage of local police departments as a proxy for all local law enforcement agencies.¹⁷

To estimate the extent to which state and local agencies accessed the BSA database directly and indirectly (through search requests), we estimated the number of state and local agencies that requested a search in 2018 and added this to the number of state and local agencies with direct database access.¹⁸ We calculated the percentage of state and local agencies with direct or indirect database access by dividing the number of agencies with direct or indirect access by the total number of state and local police departments.

To analyze law enforcement agencies' use of the BSA database, we counted the total number of cases for which the database was searched,

¹⁶The state of Hawaii does not have a state police agency, so we did not count this state in our state police agency count. As noted previously, to identify the states whose revenue authorities had criminal investigation units, we reviewed the websites of each state revenue authority and considered those states to have an investigation unit if they had a unit or department charged with criminal investigations. In total, we identified 35 states (including the District of Columbia and Puerto Rico) whose revenue authority had a criminal investigation unit.

¹⁷To test this assumption, we compared how the percentage of local law enforcement agencies would change under various scenarios and found that the absence of these agencies had a less than 1 percentage point effect on the percentage of local law enforcement agencies with database access.

¹⁸We obtained data on the number of search requests made to FinCEN from FinCEN. For searches by state coordinators, we assumed that all searches in FinCEN's database that were labeled as conducted "on behalf of another person" were searches conducted on behalf of other state or local agencies. Based on FinCEN's criteria for assessing local law enforcement agencies' applications for direct database access, we assumed that each agency would have made five or 10 search requests a year.

by jurisdiction, from 2014 through 2018 and calculated the percentage change in that use over time.¹⁹

Document analysis and stakeholder interviews. To describe how law enforcement agencies access and use BSA reports and efforts to measure the contribution of BSA reports to the intended outcomes of the BSA and its implementing regulations, we reviewed BSA program laws and regulations and the BSA's implementing rules and regulations; FinCEN's and law enforcement agencies' reports, testimonies, and speeches; and prior GAO reports. We also interviewed federal law enforcement agency staff from DEA, the Department of Justice Criminal Division, EOUSA, FBI, HSI, IRS-CI, and Secret Service and FinCEN staff. We also interviewed staff from a nongeneralizable sample of five FinCEN state coordinators, which we judgmentally selected to represent relatively large and small numbers of requests in 2018 and geographic diversity.

Costs That Banks Incur to Comply with BSA/AML Requirements

To address the second objective, we conducted case studies of a nongeneralizable sample of 11 banks to determine the costs they incurred in 2018 to comply with BSA/AML requirements. We selected the 11 banks to represent certain types (credit union, community bank, regional or national bank), sizes (total assets), and BSA/AML reporting frequencies (number of suspicious activity reports (SAR) filed in 2018).²⁰ Table 6 describes the characteristics of the 10 groups we created and

¹⁹FinCEN's data on use of the database by agencies with direct access include both the number of cases (termed "searches" by FinCEN) worked on by users of the database and the number of queries made to the database.

A case is an individual case, analysis, or examination conducted for which a user sought information from the database. A query is a user's request of information from the system. A user may conduct multiple queries of the database as part of a case. In addition, according to FinCEN officials, as of December 2018, 10 federal agencies had agreements to periodically download the BSA database onto their internal computer systems. Personnel in agencies with access to the downloaded data are able to search the database directly. FinCEN does not systematically collect information on the number of cases worked with these data, and therefore we have not included them in our analysis of use of the database. Finally, this analysis of database searches does not include searches conducted by FinCEN as part of federal agency background checks or on behalf of non-U.S. agencies.

²⁰To identify community banks, we used FDIC's community bank definition, which considers banks' specialties, activities, geographic scope of operations, and total assets. For more details, see Federal Deposit Insurance Corporation, *FDIC Community Banking Study* (December 2012). To determine BSA/AML reporting frequencies, we used data provided by FinCEN on SAR filings by bank in 2018, which we found to be sufficiently reliable for this purpose by reviewing related documentation, interviewing knowledgeable agency officials, and testing for errors.

from which we selected our sample.²¹ We restricted our sample to insured U.S. banks with traditional retail banking services (deposit taking and lending) and excluded certain types of nontraditional banks.²²

To create a list of banks and sort them into groups, we relied on the December 2018 versions of FDIC's Statistics on Depository Institutions, NCUA's Call Report, and the Federal Reserve's National Information Center datasets. We assessed the reliability of the data by reviewing related documentation; interviewing knowledgeable agency officials; and testing for errors, outliers, and missing values. We determined that the data were sufficiently reliable for our reporting objective.²³

We placed each bank in a group based on type and size (e.g., community banks with \$250 million or less in total assets) and restricted each group to include banks that filed a certain number of SARs compared to banks

²¹For nine of the groups, we selected one bank each, and for the very large bank group, we selected two banks (11 banks in total). We included two very large banks because very large banks filed the majority of the SARs and currency transaction reports (64 and 67 percent, respectively) filed by all of the types of banks in our sample population in 2018.

²²We limited the scope of our review to federally insured U.S. banks because of their relative importance to the BSA/AML program—banks, credit unions, and other depository institutions were responsible for about 45 percent of the SARs filed in 2018. We excluded foreign banks and their U.S. branches; savings associations; cooperative banks; industrial banks; federal savings banks; bankers' banks; corporate credit unions; stand-alone internet banks; cash management banks; banks chartered only to conduct business internationally; banks that specialize in trusts, credit cards, or private banking; and banks that do not accept deposits and make commercial loans, among others. We used data from each of the federal banking agencies to confirm that none of the selected banks was the subject of a BSA/AML enforcement action from 2014 through 2018. We also excluded banks that opened, closed, were acquired, or merged with another bank from 2016 through 2018. Further, after selecting the banks, we reviewed them to ensure that no two banks were from the same bank holding company and that at least one bank was regulated by each of the four federal banking agencies. We also selected banks to ensure that we selected banks from each U.S. Census division.

²³For example, we found that these data were reliable in GAO, *Community Banks: Effect of Regulations on Small Business Lending and Institutions Appears Modest, but Lending Data Could Be Improved*, [GAO-18-312](#) (Washington, D.C.: Aug. 6, 2018). In that report, we reviewed related documentation; interviewed knowledgeable agency officials; and tested for errors, outliers, and missing values to determine that the data were sufficiently reliable.

Appendix I: Objectives, Scope, and Methodology

of the same type and size.²⁴ We then selected banks with total assets that were most representative of the median among banks of the same type and size.

Table 6: Characteristics of Bank Case Study Sample Groups

Bank type	Total assets	Suspicious activity report (SAR) filing frequency	Sample group name
National or regional bank	More than \$50 billion	50th percentile	Very large bank (A and B)
	\$50 billion or less	50th percentile	Large bank
Community bank	More than \$250 million	75th percentile	Large community bank B
		25th percentile	Large community bank A
	\$250 million or less	75th percentile	Small community bank A
		25th percentile	Small community bank B
Credit union	More than \$50 million	75th percentile	Large credit union A
		25th percentile	Large credit union B
	\$50 million or less	75th percentile	Small credit union A
		25th percentile	Small credit union B

Source: GAO analysis of data from Federal Deposit Insurance Corporation (FDIC), Board of Governors of the Federal Reserve System, Financial Crimes Enforcement Network, and National Credit Union Administration. | GAO-20-574

Note: Total assets were as of December 2018. We used the Federal Deposit Insurance Corporation's community bank definition, which considers banks' specialties, activities, geographic scope of operations, and total assets. SAR filing frequency is relative to banks of the same type and size (e.g., community banks with \$250 million or less in total assets) and based on data provided by the Financial Crimes Enforcement Network. We restricted each group to include only banks whose relative SAR filing frequency in 2018 was near the percentile provided. We lettered the banks according to size: larger banks are "A" and smaller banks are "B." We therefore labeled large community bank B as such because it was smaller than large community bank A.

To identify the BSA/AML requirements for which to collect cost data, we reviewed the associated laws and regulations, as well as the Federal Financial Institutions Examination Council's (FFIEC) Bank Secrecy Act/Anti-Money Laundering Examination Manual, which includes detailed information on regulatory requirements, expectations, and industry

²⁴We targeted lower or higher frequency SAR filers (those near the 25th and 75th percentile for banks of the same type and size). We excluded banks from the lower frequency groups that did not file at least one SAR in 2018. For large and very large banks, we targeted those near the 50th percentile because most of those banks filed a relatively higher number of SARs.

practices.²⁵ We also reviewed existing studies of BSA/AML compliance costs.²⁶ For each requirement, we developed structured interview questions and a data collection tool to collect information needed to estimate associated compliance costs. Specifically, we designed the tool to collect information on the compliance process (e.g., completing and filing currency transaction reports (CTR)), relevant data points (e.g., number of CTRs filed in 2018), associated personnel and compensation, estimated time to complete the process, and the annual cost of associated third-party vendors and software.²⁷

From August through November 2019, we conducted structured interviews on-site at each of the 11 banks to collect quantitative and qualitative data about their BSA/AML compliance costs in 2018.²⁸ At each bank, we met with the BSA/AML officer and other relevant compliance, management, and human resources personnel to collect the information we requested.²⁹ Representatives provided data collected from internal data systems, as well as time estimates for key compliance activities

²⁵Federal Financial Institutions Examination Council, *Bank Secrecy Act/Anti-Money Laundering Examination Manual* (Feb. 27, 2015). FFIEC subsequently published stand-alone sections of the manual on the customer due diligence and beneficial ownership for legal entity customers requirements in May 2018 and on the BSA/AML compliance program requirements in April 2020.

²⁶Specifically, we reviewed studies that were published in 2016–2018 and used original data collection or analysis. We identified relevant studies through structured internet and database searches, work cited in other reports, and recommendations from GAO staff. To learn more about the results and limitations of these studies, see app. IV.

²⁷To assess the reliability and completeness of our approach, we tested our interview questions with industry experts and three banks we selected because of varying size (total assets), type (bank and credit union), SAR filing frequency, and geography. We incorporated their feedback as appropriate.

²⁸Prior to each interview, we reviewed background information on each of the 11 banks to learn more about their BSA/AML risks and compliance programs, such as policies and procedures, organizational charts, and risk assessments.

²⁹To assess the reliability of the computer-processed data they provided, we tested the data for obvious errors and interviewed representatives about their data controls and potential limitations or concerns. We determined that the data were sufficiently reliable for estimating compliance costs.

based on their professional judgment and internal surveys.³⁰ For each software system and third-party vendor, we collected the annual cost and percentage of its use associated with BSA/AML compliance (also based on professional judgment). In addition, we collected qualitative information on compliance processes, the effect of compliance costs on customers, and steps taken by banks in response to compliance costs.

We estimated each bank's compliance costs by BSA/AML requirement and in total and compared the results among the 11 banks to identify similarities or differences. In general, we calculated the direct personnel cost of each requirement based on the data banks provided. To estimate software and third-party vendor costs, we multiplied the annual cost (such as the annual licensing fee) by the percentage of its use associated with BSA/AML compliance.³¹ We included third-party costs in our estimate for each requirement when banks contracted the vendor to assist entirely with the requirement. Otherwise, we reported them separately. Conversely, we reported all software costs separately because banks commonly reported that they used individual software systems to meet multiple requirements.

Federal Banking Agencies' Examinations of Banks for Compliance with BSA/AML Requirements

To address the third objective, we reviewed relevant laws (including the Bank Secrecy Act and related statutes, including the Federal Deposit Insurance Act and the Federal Credit Union Act); regulations, including relevant parts of Title 12 and 31 of the Code of Federal Regulations; and agency documentation, such as FFIEC's Bank Secrecy Act/Anti-Money Laundering Examination Manual, an information-sharing memorandum of understanding between FinCEN and the federal banking agencies, federal banking agencies' 2017 joint report to Congress under the Economic Growth and Regulatory Paperwork Reduction Act, and interagency statements or guidance on examinations. We reviewed data from FinCEN summary reports on BSA/AML examinations of the federal

³⁰When banks provided a range for a given time estimate, we used the median. In limited cases, we collected alternative estimates when banks were unable to provide a requested datum or time estimate. For example, to estimate the cost to complete and file CTRs, we requested the number of CTRs, personnel responsible for completing and filing them, their average compensation, and the time to complete and file each CTR. We then multiplied the results. However, for a bank that employed personnel with full-time responsibilities for filing CTRs, we instead collected and multiplied the number of full-time personnel and their average compensation.

³¹For example, a third-party auditor may have also tested other internal controls while testing those for BSA/AML compliance. If the bank reported that each audit required 50 percent of the vendor's time, then we would have included half of the contract value in our estimate.

banking agencies for fiscal years 2015 through 2018 to analyze the extent to which the agencies cited their supervised banks for BSA violations and the number and types of such violations they cited. To assess the level of resources that FinCEN would need to examine certain banks for compliance with BSA/AML requirements, we reviewed and analyzed data on hours that federal banking agencies devoted to BSA/AML examinations, which the banking agencies provided to us for selected banking organizations.

We assessed the reliability of FinCEN's BSA/AML examination data and federal banking agency data by reviewing documentation related to the data, interviewing knowledgeable officials, and conducting manual data testing for missing data, outliers, and obvious errors. We determined the data to be sufficiently reliable for reporting on the federal banking agencies' BSA/AML examinations.

In addition, we reviewed prior GAO reports and industry and other stakeholder studies or other publications on the BSA and examinations. Finally, we interviewed officials from FinCEN, federal banking agencies, and industry stakeholders—including officials from the American Bankers Association, Bank Policy Institute, Consumer Bankers Association, Credit Union National Association, Independent Community Bankers Association, and National Association of Federal Credit Unions—to obtain their views on issues related to BSA/AML examinations.

Potential Changes to BSA Reporting Requirements and Efforts to Explore Innovative Approaches

To address the fourth objective, we reviewed and analyzed proposals that some members of Congress, industry associations, and other stakeholders have made to change the BSA's reporting and other requirements. These proposed changes were presented in proposed legislation, congressional testimonies, and industry studies and comment letters. To evaluate the potential benefits and costs of increasing certain reporting thresholds, we reviewed analyses that FinCEN prepared on how increasing the SAR and CTR thresholds could have affected the number of such filings in 2018. To evaluate the effect of reducing restrictions on the sharing of SARs by U.S. banks with their foreign branches, we analyzed the Federal Reserve's National Information Center data to estimate the number of foreign branches affiliated with U.S. banks and reviewed international AML assessments of some of the countries in which the foreign branches were located. We assessed the reliability of the Federal Reserve's data by reviewing related documentation and conducting electronic testing for missing data, outliers, or any obvious errors. We found the data sufficiently reliable for reporting on the number of foreign branches affiliated with U.S. banks. We also interviewed

officials from FinCEN and federal law enforcement agencies—including the Department of Justice Criminal Division, EOUSA, FBI, HSI, IRS-CI, and Secret Service—and six industry associations (as identified above) to obtain their views on the potential benefits and costs of increasing the SAR and CTR thresholds and other BSA reforms.

To describe efforts that FinCEN and federal banking agencies have undertaken to explore innovation for, among other purposes, BSA/AML compliance, we reviewed agency documentation, including interagency guidance (e.g., a 2018 joint statement on innovative approaches), congressional testimonies, and speeches. We also reviewed prior GAO reports on the use of technology by financial services firms, including to comply with BSA/AML requirements. Finally, we interviewed officials from FinCEN, the federal banking agencies, and industry associations about their views on the use of technology by banks to comply with BSA/AML and other regulatory requirements.

We conducted this performance audit from September 2018 to September 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Results of GAO’s Survey of Law Enforcement’s Use of Bank Secrecy Act Reports

From November 2019 through March 2020, we administered a web-based survey to a generalizable sample of 5,257 federal law enforcement personnel—specifically, investigators, analysts, and prosecutors—to understand their use of Bank Secrecy Act (BSA) reports. We surveyed personnel at six federal agencies: the Drug Enforcement Administration, Federal Bureau of Investigation, Homeland Security Investigations, Internal Revenue Service-Criminal Investigation, Offices of the United States Attorneys, and U.S. Secret Service. As shown in table 7, we received valid responses from 57 percent of our total sample (unweighted).¹ All survey results presented in this appendix are generalizable to law enforcement personnel at these six federal agencies in aggregate, by agency, and by primary responsibility (e.g., investigations, analysis, or prosecutions).² We express our confidence in the precision of our estimates as a 95 percent confidence interval.³ For a more detailed discussion of our survey methodology, see appendix I.

Table 7: Survey Population, Sample Size, and Percentage of Valid Survey Responses by Agency and Primary Responsibility

	Population size	Sample size	Response Rate (%)	
			Unweighted	Weighted
All agencies	42,309	5,257	56.9	55.6
By agency				
Drug Enforcement Administration	4,991	836	54.5	50.6
Federal Bureau of Investigation	19,166	1,417	58.6	60.5
Homeland Security Investigations	6,884	846	54.3	52.7

¹Unweighted response rates (the number of respondents divided by the number sampled) are a measure of the proportion of the sample that resulted in usable information. Weighted response rates (the same calculation except that the numbers are weighted by the number of individuals each person represents in the sample) are the measure of the proportion of the population for which useable information was available. For this survey, our weighted response rate of 56 percent was similar to our unweighted response rate.

²We assigned primary areas of responsibility based on the individual’s title (e.g., staff with the title “special agent” were assigned to the area of investigations) or the Office of Personnel Management’s classifications (e.g., staff with classification 1801 series, which are positions that supervise, lead, or perform inspection investigation, enforcement, or compliance work. We confirmed these assignments during the survey by asking respondents to select the best descriptor of their current role and responsibilities.

³Because we followed a probability procedure based on random selections, our sample is only one of a large number of samples that we might have drawn. Since each could have provided different estimates, we express our confidence in the precision of our particular sample’s results as a 95 percent confidence interval. This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn.

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	Population size	Sample size	Response Rate (%)	
			Unweighted	Weighted
Internal Revenue Service-Criminal Investigation	2,214	702	75.5	75.6
Offices of the United States Attorneys	5,379	740	53.1	52.5
U.S. Secret Service	3,675	716	45.0	44.5
By primary responsibility				
Investigations	28,847	2,925	55.6	55.3
Analysis	8,155	1,612	61.4	59.3
Prosecutions	5,307	720	52.5	52.3

Source: GAO. | GAO-20-574

Note: Unweighted response rates (the number of respondents divided by the number sampled) are a measure of the proportion of the sample that resulted in usable information. Weighted response rates (the same calculation except that the numbers are weighted by the number of individuals each person represents in the sample) are the measure of the proportion of the population for which useable information was available.

The web-based survey consisted of six multiple-choice sections: (1) use of BSA reports to start or assist criminal investigations (e.g., from developing or following up on a lead or allegation until opening a case); (2) use of BSA reports to conduct or assist ongoing criminal investigations; (3) use of BSA reports to analyze trends, patterns, and issues associated with criminal activity, separate from ongoing case work; (4) use of BSA reports to work on criminal prosecutions after the person has been formally accused of a crime (including for civil or criminal asset forfeitures or for restitution purposes); (5) types of BSA reports used; and (6) BSA report access methods and potential crimes for which reports were used.⁴ We also provided opportunities for respondents to voice additional responses. Multiple-choice survey questions and their aggregate results are included in this appendix. For this survey, respondents were asked to report on their activities from 2015 through 2018.

The following sections present tables summarizing the survey responses.

Use of BSA Reports to Start or Assist New Criminal Investigations

We asked respondents whether they had used BSA reports to start or assist new criminal investigations (e.g., from developing or following up

⁴According to Department of Justice officials, BSA reports are generally not used for civil cases, but may be used in civil asset forfeitures in money laundering cases and for collection of restitution payments.

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on a lead or allegation until opening a case) from 2015 through 2018 (see table 8).

Table 8: From 2015 through 2018, did you use Bank Secrecy Act reports to help start or assist new criminal investigations?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	59	56, 62	41	38, 44
By agency				
Drug Enforcement Administration	67	61, 72	33	28,39
Federal Bureau of Investigation	58	52, 64	42	36,48
Homeland Security Investigations	54	48, 59	46	41, 52
Internal Revenue Service-Criminal Investigation	91	88, 94	9	6, 12
Offices of the United States Attorneys	51	45, 57	49	43, 55
U.S. Secret Service	55	48, 63	45	37, 52
By primary responsibility				
Investigations	60	57, 64	40	36, 43
Analysis	62	57, 67	38	33, 43
Prosecutions	50	44, 57	50	43, 56

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Starting a new criminal investigation covers the period from developing or following up on a lead or allegation until opening a case. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. We asked those respondents who had used BSA reports to start or assist new criminal investigations about their experiences (see tables 9–13).

Table 9: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for identifying potential subjects or networks for which a new investigation might be initiated?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	26	23, 29	34	30, 37	33	30, 37	5	4, 7	1	>0, 2
By agency										
Drug Enforcement Administration	23	17, 29	36	29, 43	34	27, 41	7	4, 12	>0	>0, 2
Federal Bureau of Investigation	24	17, 32	35	27, 42	35	27, 44	4	2, 9	1	>0, 5
Homeland Security Investigations	34	26, 41	29	22, 36	31	24, 39	6	3, 10	>0	>0, 3

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Internal Revenue Service-Criminal Investigation	43	38, 48	39	34, 43	16	12, 19	2	1, 4	>0	>0, 1
Offices of the United States Attorneys	14	8, 21	33	26, 41	42	34, 51	7	3, 12	1	>0, 4
U.S. Secret Service	28	19, 38	31	21, 40	32	22, 41	5	2, 12	1	>0, 6
By primary responsibility										
Investigations	29	25, 33	33	28, 37	32	28, 37	5	3, 8	1	>0, 2
Analysis	27	22, 32	37	32, 43	30	24, 35	4	2, 8	2	>0, 4
Prosecutions	14	8, 21	33	25, 41	42	34, 51	7	3, 13	1	>0, 4

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider the period from developing or following up on a lead or allegation until opening a case. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 10: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing the basis or partial basis for opening a new case?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	20	17, 22	26	23, 29	35	32, 39	15	12, 18	2	1, 3
By agency										
Drug Enforcement Administration	14	10, 21	20	15, 27	31	25, 38	27	20, 33	4	2, 7
Federal Bureau of Investigation	17	11, 24	30	22, 37	37	29, 45	15	10, 23	2	>0, 5
Homeland Security Investigations	23	17, 29	17	12, 23	41	33, 48	14	9, 20	4	1, 7
Internal Revenue Service-Criminal Investigation	40	35, 44	40	36, 45	16	12, 20	3	2, 5	0	0, 1
Offices of the United States Attorneys	16	10, 23	27	19, 34	40	32, 49	13	8, 19	2	>0, 5
U.S. Secret Service	19	12, 28	31	22, 40	36	27, 46	8	3, 15	1	>0, 6
By primary responsibility										
Investigations	20	17, 24	26	22, 30	34	30, 39	16	12, 19	2	1, 4
Analysis	19	15, 24	27	22, 32	35	29, 40	14	11, 19	4	2, 7
Prosecutions	16	10, 23	27	19, 34	40	32, 49	13	8, 20	2	>0, 5

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

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Note: This question asked respondents to consider the period from developing or following up on a lead or allegation until opening a case. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 11: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for identifying potential subjects or networks for which a new investigation might be initiated?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	53	50, 57	39	35, 43	2	1, 4	1	>0, 1	4	2, 5
By agency										
Drug Enforcement Administration	44	36, 51	46	39, 53	6	3, 11	0	0, 1	4	1, 7
Federal Bureau of Investigation	55	47, 63	40	31, 48	2	>0, 5	>0	>0, 3	3	1, 8
Homeland Security Investigations	57	50, 65	36	29, 43	1	>0, 4	1	>0, 3	4	2, 8
Internal Revenue Service-Criminal Investigation	78	74, 82	20	16, 24	>0	>0, 2	>0	>0, 1	1	>0, 2
Offices of the United States Attorneys	41	33, 50	46	37, 54	1	>0, 4	2	>0, 6	5	2, 11
U.S. Secret Service	51	40, 61	37	27, 47	4	1, 11	0	0, 3	3	1, 9
By primary responsibility										
Investigations	54	49, 58	39	34, 44	3	2, 4	>0	>0, 1	3	2, 6
Analysis	61	55, 66	33	27, 38	2	1, 5	>0	>0, 3	3	2, 6
Prosecutions	41	33, 49	46	38, 55	1	>0, 4	2	>0, 7	5	2, 11

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider the period from developing or following up on a lead or allegation until opening a case. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 12: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing the basis or partial basis for opening a new case?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	41	37, 44	42	38, 46	6	4, 8	2	1, 3	7	5, 8
By agency										
Drug Enforcement Administration	24	18, 30	46	39, 53	11	7, 17	5	2, 10	9	5, 14

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Federal Bureau of Investigation	40	32, 48	45	37, 54	7	3, 13	1	>0, 5	4	2, 9
Homeland Security Investigations	45	37, 52	39	31, 46	3	1, 7	2	>0, 4	11	6, 16
Internal Revenue Service-Criminal Investigation	74	69, 78	23	19, 27	1	>0, 2	>0	>0, 1	1	>0, 3
Offices of the United States Attorneys	38	30, 46	46	37, 54	4	2, 9	2	>0, 5	7	3, 12
U.S. Secret Service	42	32, 52	43	33, 53	4	1, 11	0	0, 3	4	1, 11
By primary responsibility										
Investigations	40	36, 45	42	37, 47	7	4, 9	2	1, 4	6	4, 9
Analysis	46	41, 52	39	33, 45	4	2, 7	1	>0, 3	8	5, 12
Prosecutions	37	29, 46	46	38, 55	4	2, 9	2	>0, 5	7	3, 12

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider the period from developing or following up on a lead or allegation until opening a case. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 13: Thinking about starting or assisting new criminal investigations, could you generally have obtained the same information you obtained through relevant Bank Secrecy Act reports through other means?

	Yes, with a comparable alternative in terms of efficiency		Yes, with an alternative that is less efficient		No, can't get information from another source		Don't know	
	%	CI	%	CI	%	CI	%	CI
All agencies	7	5, 9	33	30, 37	47	43, 50	13	11, 16
By agency								
Drug Enforcement Administration	5	3, 10	26	20, 32	52	45, 60	16	11, 23
Federal Bureau of Investigation	7	3, 13	32	25, 40	48	40, 56	13	8, 19
Homeland Security Investigations	9	5, 14	39	32, 47	40	32, 47	12	7, 18
Internal Revenue Service-Criminal Investigation	7	5, 10	24	20, 28	63	58, 67	6	4, 9
Offices of the United States Attorneys	2	>0, 6	35	27, 43	44	36, 53	19	13, 26
U.S. Secret Service	9	4, 17	46	36, 56	33	24, 43	12	6, 20

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	Yes, with a comparable alternative in terms of efficiency		Yes, with an alternative that is less efficient		No, can't get information from another source		Don't know	
	%	CI	%	CI	%	CI	%	CI
By primary responsibility								
Investigations	8	5, 10	34	29, 38	46	42, 51	12	9, 16
Analysis	6	3, 9	30	25, 35	50	44, 56	14	10, 18
Prosecutions	2	>0, 6	35	27, 43	44	36, 52	19	13, 26

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Starting a new criminal investigation covers the period from developing or following up on a lead or allegation until opening a case. Efficiency is defined by the number of investigative steps, where a comparable alternative in terms of efficiency would require a similar number of investigative steps. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Respondents who completed the survey question prior to this question but did not check a response to this question were counted as "Don't know." Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Use of BSA Reports to Conduct or Assist Ongoing Criminal Investigations

We asked respondents whether they had used BSA reports to conduct or assist ongoing criminal investigations from 2015 through 2018 (see table 14).

Table 14: From 2015 through 2018, did you use Bank Secrecy Act reports to help conduct or assist criminal investigations?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	72	69, 74	28	26, 31
By agency				
Drug Enforcement Administration	81	76, 85	19	15, 24
Federal Bureau of Investigation	73	68, 79	27	21, 32
Homeland Security Investigations	68	63, 73	32	27, 37
Internal Revenue Service-Criminal Investigation	95	92, 97	5	3, 8
Offices of the United States Attorneys	60	54, 66	40	34, 46
U.S. Secret Service	63	56, 70	37	30, 44
By primary responsibility				
Investigations	73	70, 76	27	24, 30
Analysis	77	73, 81	23	19, 27
Prosecutions	60	54, 65	40	35, 46

Source: GAO survey of law enforcement agencies. | GAO-20-574

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Note: Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

We asked those respondents who had used BSA reports to conduct or assist ongoing criminal investigations about their experiences (see tables 15–33).

Table 15: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing additional information about a subject (e.g., contact information, Internet Protocol address, etc.)?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	26	23, 29	35	32, 28	31	28, 34	6	4, 7	1	1, 2
By agency										
Drug Enforcement Administration	22	16, 27	39	33, 45	32	26, 37	5	2, 9	2	1, 5
Federal Bureau of Investigation	27	21, 33	36	30, 43	32	25, 38	4	2, 9	>0	>0, 2
Homeland Security Investigations	27	21, 32	31	25, 37	32	26, 39	7	4, 12	2	>0, 4
Internal Revenue Service-Criminal Investigation	47	42, 52	37	33, 42	13	10, 17	2	1, 4	>0	>0, 1
Offices of the United States Attorneys	18	13, 24	29	22, 36	36	29, 43	8	5, 13	3	1, 7
U.S. Secret Service	23	16, 32	40	31, 49	29	21, 38	6	3, 13	1	>0, 5
By primary responsibility										
Investigations	26	23, 30	36	32, 39	31	27, 34	6	4, 8	1	>0, 2
Analysis	29	25, 34	39	34, 44	28	23, 32	2	1, 4	1	>0, 2
Prosecutions	18	13, 25	29	22, 36	36	28, 43	8	5, 14	3	1, 7

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. An Internet Protocol address is a numerical label assigned to each device connected to a computer network that uses the Internet Protocol for communication. It can be used to identify a host or network interface and a location. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

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Table 16: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for verifying or confirming information about a subject?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	26	23, 29	39	36, 42	28	25, 31	4	3, 5	1	>0, 2
By agency										
Drug Enforcement Administration	22	17, 27	43	37, 49	28	23, 34	4	2, 7	1	>0, 4
Federal Bureau of Investigation	26	20, 32	42	35, 49	29	22, 35	3	1, 6	1	>0, 3
Homeland Security Investigations	29	23, 35	34	28, 40	29	23, 35	5	3, 9	1	>0, 3
Internal Revenue Service-Criminal Investigation	48	43, 53	38	33, 42	12	9, 15	2	1, 4	>0	>0, 1
Offices of the United States Attorneys	17	12, 23	34	27, 41	36	29, 43	6	3, 10	1	>0, 4
U.S. Secret Service	24	16, 33	44	34, 53	26	19, 36	4	1, 9	1	>0, 5
By primary responsibility										
Investigations	26	23, 30	40	36, 44	28	24, 32	4	2, 5	1	>0, 2
Analysis	31	27, 36	41	36, 46	23	19, 27	4	2, 6	>0	>0, 2
Prosecutions	17	12, 23	34	26, 41	36	29, 43	6	3, 11	1	>0, 4

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 17: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for identifying additional associates, accounts, subjects, entities, or a criminal network?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	25	22, 28	36	33, 39	33	27, 33	6	4, 8	1	1, 3
By agency										
Drug Enforcement Administration	20	15, 25	36	30, 42	34	28, 40	7	4, 12	>0	>0, 3
Federal Bureau of Investigation	22	17, 28	38	31, 44	30	23, 36	7	3, 11	3	1, 7
Homeland Security Investigations	30	24, 36	34	27, 40	29	23, 35	6	3, 10	>0	>0, 2

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Internal Revenue Service-Criminal Investigation	44	39, 49	40	35, 45	14	11, 17	1	1, 3	0	0, 1
Offices of the United States Attorneys	19	13, 26	29	23, 36	36	29, 43	5	2, 10	2	1, 6
U.S. Secret Service	29	21, 37	38	29, 47	29	21, 37	3	1, 8	0	0, 2
By primary responsibility										
Investigations	25	22, 29	37	33, 41	29	25, 33	7	5, 9	1	>0, 3
Analysis	30	25, 34	37	32, 41	29	24, 34	2	1, 5	1	>0, 3
Prosecutions	19	14, 26	29	22, 36	36	29, 43	5	2, 10	2	1, 6

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 18: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for identifying assets, including those that could be used for possible forfeiture or restitution actions?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	19	17, 22	25	22, 28	34	31, 37	16	13, 18	3	2, 5
By agency										
Drug Enforcement Administration	17	13, 23	32	26, 37	35	29, 41	14	10, 19	1	>0, 3
Federal Bureau of Investigation	16	11, 21	20	14, 25	33	26, 39	23	17, 29	6	3, 10
Homeland Security Investigations	25	20, 31	22	16, 27	34	27, 40	15	11, 20	2	1, 5
Internal Revenue Service-Criminal Investigation	29	24, 33	34	30, 39	28	24, 32	5	3, 8	2	1, 4
Offices of the United States Attorneys	16	11, 22	29	22, 35	38	31, 45	10	6, 15	2	>0, 5
U.S. Secret Service	23	15, 31	27	19, 35	34	25, 43	12	6, 19	4	1, 9
By primary responsibility										
Investigations	20	17, 23	24	21, 27	33	30, 37	17	14, 20	4	2, 6
Analysis	19	15, 23	27	23, 31	31	27, 36	15	12, 20	4	2, 7
Prosecutions	16	11, 23	28	22, 35	38	31, 46	9	5, 15	2	>0, 5

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

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Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 19: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for expanding the scope of the investigation (e.g., by identifying additional statutes, jurisdictions, or agencies)?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	17	15, 19	26	23, 29	35	32, 38	17	15, 19	3	2, 5
By agency										
Drug Enforcement Administration	16	11, 21	27	21, 33	36	30, 42	16	11, 21	3	2, 6
Federal Bureau of Investigation	12	8, 17	24	18, 30	37	31, 44	20	15, 26	5	2, 9
Homeland Security Investigations	24	19, 30	26	20, 32	30	24, 36	17	12, 23	1	>0, 4
Internal Revenue Service-Criminal Investigation	25	21, 29	33	28, 37	30	25, 34	10	7, 13	1	1, 3
Offices of the United States Attorneys	12	8, 18	26	20, 33	33	26, 40	19	13, 26	2	1, 6
U.S. Secret Service	21	14, 30	27	19, 36	40	31, 49	9	4, 16	2	>0, 6
By primary responsibility										
Investigations	17	15, 20	27	23, 30	35	31, 39	16	13, 20	3	2, 5
Analysis	18	14, 22	23	19, 28	34	29, 39	19	15, 23	4	2, 6
Prosecutions	13	8, 19	26	19, 33	33	26, 40	19	13, 25	2	1, 6

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 20: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing the basis to request records from another domestic or foreign agency?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	16	14, 18	25	22, 28	31	28, 34	21	19, 24	5	3, 6
By agency										
Drug Enforcement Administration	13	9, 18	24	18, 29	31	25, 37	24	19, 29	6	3, 10

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Federal Bureau of Investigation	15	10, 20	27	20, 33	32	25, 38	22	17, 28	4	2, 8
Homeland Security Investigations	20	15, 26	22	17, 28	29	23, 35	22	16, 27	5	2, 8
Internal Revenue Service-Criminal Investigation	29	25, 33	27	23, 31	23	19, 27	15	12, 19	4	2, 6
Offices of the United States Attorneys	10	6, 16	25	19, 31	33	26, 40	20	15, 27	3	1, 7
U.S. Secret Service	16	10, 24	26	19, 35	32	23, 41	16	10, 24	6	3, 13
By primary responsibility										
Investigations	17	14, 20	25	22, 29	31	27, 35	21	18, 24	5	3, 7
Analysis	16	12, 20	25	21, 30	27	22, 31	24	19, 28	6	4, 9
Prosecutions	10	6, 16	25	18, 31	33	26, 40	20	15, 27	3	1, 7

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 21: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing support to obtain a subpoena for related records?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	23	20, 26	30	28, 33	29	26, 32	11	9, 13	4	3, 6
By agency										
Drug Enforcement Administration	15	11, 21	34	28, 40	30	24, 36	11	8, 16	5	3, 9
Federal Bureau of Investigation	18	13, 24	31	24, 37	32	26, 39	13	9, 18	5	3, 9
Homeland Security Investigations	28	22, 34	24	19, 30	26	20, 32	16	11, 21	4	2, 7
Internal Revenue Service-Criminal Investigation	48	43, 52	34	30, 39	11	8, 14	4	2, 6	1	1, 3
Offices of the United States Attorneys	23	17, 29	31	25, 38	32	25, 39	6	3, 10	1	>0, 4
U.S. Secret Service	27	19, 35	31	22, 39	27	19, 36	8	4, 15	4	1, 9
By primary responsibility										
Investigations	23	20, 37	30	27, 34	28	25, 32	12	9, 15	4	3, 6
Analysis	20	16, 24	31	26, 35	29	24, 33	12	9, 16	5	3, 8

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Prosecutions	23	17, 30	31	24, 38	31	25, 38	6	3, 11	1	>0, 4

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 22: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing the basis for referring an investigation to another domestic or foreign agency?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	9	7, 10	14	12, 16	27	25, 30	37	34, 40	10	8, 11
By agency										
Drug Enforcement Administration	7	4, 11	20	15, 25	29	23, 35	33	27, 39	9	6, 14
Federal Bureau of Investigation	7	4, 12	12	8, 18	26	20, 32	41	35, 48	10	6, 15
Homeland Security Investigations	13	9, 18	16	12, 22	27	21, 33	33	27, 40	8	5, 13
Internal Revenue Service-Criminal Investigation	13	10, 16	14	11, 18	29	24, 33	32	28, 37	10	8, 14
Offices of the United States Attorneys	6	3, 11	8	4, 13	24	18, 31	43	35, 50	9	6, 15
U.S. Secret Service	7	3, 13	12	7, 20	35	26, 44	31	23, 40	11	6, 18
By primary responsibility										
Investigations	9	7, 11	16	13, 18	29	25, 32	36	32, 40	9	7, 12
Analysis	9	6, 12	12	9, 16	25	21, 30	38	33, 43	13	9, 16
Prosecutions	6	3, 11	7	4, 12	24	18, 31	43	36, 51	9	5, 15

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

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Table 23: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for eliminating subjects or narrowing the scope of an investigation?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	9	8, 11	17	14, 19	35	32, 38	29	26, 32	7	5, 9
By agency										
Drug Enforcement Administration	8	5, 12	22	17, 28	31	25, 37	28	23, 34	8	5, 12
Federal Bureau of Investigation	8	5, 12	17	12, 23	34	27, 40	34	28, 41	6	3, 10
Homeland Security Investigations	15	11, 20	15	11, 21	39	33, 46	21	16, 27	7	4, 12
Internal Revenue Service-Criminal Investigation	13	10, 16	20	16, 23	37	33, 42	22	18, 26	6	4, 8
Offices of the United States Attorneys	5	2, 10	9	5, 14	35	28, 42	33	26, 40	8	5, 14
U.S. Secret Service	8	4, 15	16	10, 24	37	28, 46	30	21, 38	6	3, 13
By primary responsibility										
Investigations	9	7, 12	18	15, 21	36	32, 40	28	24, 32	7	5, 9
Analysis	13	10, 16	16	13, 20	30	25, 34	33	28, 38	7	5, 10
Prosecutions	5	2, 10	9	5, 14	35	28, 42	33	26, 40	8	5, 13

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 24: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing additional information about a subject (e.g., contact information, Internet Protocol address, etc.)?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	48	45, 51	41	38, 44	5	3, 6	1	1, 2	3	2, 4
By agency										
Drug Enforcement Administration	46	39, 52	43	37, 49	5	3, 9	2	1, 5	3	1, 6
Federal Bureau of Investigation	53	46, 60	40	33, 47	4	2, 8	1	>0, 2	1	>0, 2
Homeland Security Investigations	44	38, 51	41	34, 47	4	2, 8	2	1, 5	7	4, 11

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Internal Revenue Service-Criminal Investigation	70	66, 75	26	22, 30	2	1, 3	>0	>0, 1	1	>0, 3
Offices of the United States Attorneys	33	26, 40	49	42, 56	6	3, 10	3	1, 7	4	2, 8
U.S. Secret Service	47	38, 56	45	36, 54	6	3, 13	1	>0, 5	1	>0, 5
By primary responsibility										
Investigations	49	45, 53	41	37, 45	5	3, 7	1	1, 2	3	2, 4
Analysis	57	52, 62	35	30, 40	3	1, 5	1	>0, 3	2	1, 4
Prosecutions	33	26, 40	49	41, 56	6	3, 10	3	1, 7	4	2, 8

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. An Internet Protocol address is a numerical label assigned to each device connected to a computer network that uses the Internet Protocol for communication. It can be used to identify a host or network interface and a location. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 25: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for verifying or confirming information about a subject?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	52	49, 55	41	37, 44	2	2, 4	1	1, 2	1	1, 2
By agency										
Drug Enforcement Administration	50	44, 56	43	37, 49	3	1, 7	2	1, 5	1	>0, 4
Federal Bureau of Investigation	55	48, 62	40	33, 47	1	>0, 4	>0	>0, 2	1	>0, 4
Homeland Security Investigations	51	45, 58	39	33, 46	3	1, 6	2	1, 5	2	1, 5
Internal Revenue Service-Criminal Investigation	72	68, 76	24	20, 28	1	>0, 2	>0	>0, 1	1	>0, 2
Offices of the United States Attorneys	37	30, 45	49	42, 56	4	2, 8	1	>0, 4	2	>0, 5
U.S. Secret Service	52	43, 61	43	34, 52	4	1, 9	0	0, 2	0	0, 2
By primary responsibility										
Investigations	53	49, 57	41	36, 45	2	1, 4	1	>0, 2	1	1, 3
Analysis	59	54, 64	34	29, 39	2	1, 4	1	>0, 3	2	1, 4
Prosecutions	37	30, 44	49	41, 56	4	2, 8	1	>0, 4	2	>0, 5

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

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Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 26: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for identifying additional associates, accounts, subjects, entities, or a criminal network?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	51	48, 54	38	34, 41	5	4, 7	1	>0, 2	2	1, 3
By agency										
Drug Enforcement Administration	48	41, 54	40	34, 46	9	6, 13	1	>0, 3	1	>0, 3
Federal Bureau of Investigation	52	45, 59	38	31, 45	4	1, 7	1	>0, 4	3	1, 6
Homeland Security Investigations	52	46, 59	36	29, 42	5	3, 9	1	>0, 4	3	1, 6
Internal Revenue Service-Criminal Investigation	70	65, 74	25	21, 29	2	1, 3	>0	>0, 1	1	>0, 3
Offices of the United States Attorneys	41	34, 49	43	36, 50	5	2, 10	2	>0, 5	3	1, 7
U.S. Secret Service	51	41, 60	36	27, 45	10	5, 17	0	0, 2	0	0, 2
By primary responsibility										
Investigations	51	47, 55	38	34, 42	6	4, 8	1	>0, 2	2	1, 4
Analysis	59	54, 64	33	28, 38	2	1, 5	>0	>0, 1	2	1, 5
Prosecutions	41	34, 49	43	36, 50	5	2, 10	2	>0, 5	3	1, 7

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 27: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for identifying assets, including those that could be used for possible forfeiture or restitution actions?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	36	33, 39	41	38, 44	10	8, 12	2	1, 3	9	7, 11
By agency										
Drug Enforcement Administration	37	31, 43	44	38, 50	14	10, 19	2	1, 5	2	1, 5

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Federal Bureau of Investigation	30	24, 36	41	34, 48	10	6, 15	2	1, 6	14	10, 20
Homeland Security Investigations	39	32, 45	40	34, 47	7	4, 11	2	1, 5	9	6, 14
Internal Revenue Service-Criminal Investigation	52	48, 57	34	30, 39	6	4, 8	2	1, 3	4	3, 6
Offices of the United States Attorneys	37	30, 44	41	34, 49	9	5, 14	2	>0, 5	5	2, 10
U.S. Secret Service	37	28, 45	40	31, 49	13	7, 21	3	1, 8	6	3, 12
By primary responsibility										
Investigations	36	32, 40	42	37, 46	10	8, 13	2	1, 4	8	6, 11
Analysis	36	31, 41	38	33, 43	8	5, 11	2	1, 4	13	10, 17
Prosecutions	36	29, 44	41	34, 49	9	5, 14	2	>0, 5	5	2, 10

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 28: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for expanding the scope of the investigation (e.g., by identifying additional statutes, jurisdictions, or agencies)?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	32	29, 35	41	38, 45	13	11, 15	3	2, 4	8	6, 10
By agency										
Drug Enforcement Administration	30	24, 36	45	38, 51	13	9, 18	5	2, 8	6	4, 10
Federal Bureau of Investigation	27	21, 33	42	35, 49	16	11, 22	3	1, 5	11	7, 16
Homeland Security Investigations	40	34, 47	36	30, 42	10	6, 15	3	1, 6	8	5, 12
Internal Revenue Service-Criminal Investigation	45	41, 50	39	34, 43	8	6, 11	2	1, 4	5	3, 7
Offices of the United States Attorneys	28	21, 35	44	36, 51	12	8, 18	3	1, 7	6	3, 11
U.S. Secret Service	35	26, 44	44	35, 53	13	7, 20	2	>0, 6	5	1, 10
By primary responsibility										
Investigations	33	29, 37	42	38, 46	13	10, 16	3	2, 4	7	5, 10
Analysis	32	28, 37	37	32, 42	12	8, 15	4	3, 7	12	9, 16
Prosecutions	27	21, 34	44	37, 51	12	8, 18	4	1, 7	7	3, 11

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

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Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 29: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing the basis to request records from another domestic or foreign agency?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	31	28, 33	38	35, 41	11	9, 13	4	3, 6	13	11, 15
By agency										
Drug Enforcement Administration	27	22, 33	37	31, 43	16	11, 21	7	4, 10	11	8, 16
Federal Bureau of Investigation	28	22, 34	45	38, 52	8	4, 12	3	1, 6	13	9, 19
Homeland Security Investigations	36	30, 43	32	26, 38	9	6, 14	5	3, 9	15	11, 20
Internal Revenue Service-Criminal Investigation	45	40, 49	30	26, 34	9	6, 12	3	2, 6	11	8, 14
Offices of the United States Attorneys	24	17, 30	38	31, 46	12	8, 18	6	3, 11	10	6, 16
U.S. Secret Service	33	25, 42	31	23, 40	19	12, 27	1	>0, 5	12	7, 20
By primary responsibility										
Investigations	32	29, 36	39	35, 43	11	9, 13	4	2, 5	12	9, 14
Analysis	28	23, 32	33	28, 38	9	6, 13	7	5, 10	20	16, 24
Prosecutions	23	17, 29	39	31, 46	12	8, 18	6	3, 11	10	6, 16

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 30: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing support to obtain a subpoena for related records?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	43	40, 46	36	33, 39	7	6, 9	2	1, 3	9	7, 11
By agency										
Drug Enforcement Administration	36	30, 42	41	35, 48	10	6, 15	3	2, 7	7	5, 11

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Federal Bureau of Investigation	38	31, 45	38	32, 45	7	4, 11	1	>0, 3	13	9, 19
Homeland Security Investigations	47	41, 54	28	22, 34	8	5, 13	3	1, 7	11	7, 16
Internal Revenue Service-Criminal Investigation	69	65, 73	21	17, 25	2	1, 4	2	1, 3	4	2, 6
Offices of the United States Attorneys	42	35, 49	42	35, 50	5	2, 9	1	>0, 4	2	>0, 5
U.S. Secret Service	46	37, 55	31	23, 40	12	6, 19	1	>0, 5	8	4, 15
By primary responsibility										
Investigations	43	39, 47	35	31, 39	8	6, 11	2	1, 3	10	7, 13
Analysis	41	36, 45	34	29, 39	6	4, 9	3	2, 6	12	9, 16
Prosecutions	42	34, 49	43	35, 50	5	2, 9	1	>0, 4	2	>0, 5

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 31: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing the basis for referring an investigation to another domestic or foreign agency?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	19	17, 21	31	28, 34	16	14, 18	8	6, 10	22	20, 25
By agency										
Drug Enforcement Administration	18	14, 24	32	26, 38	20	15, 25	9	5, 13	18	13, 23
Federal Bureau of Investigation	15	11, 21	38	31, 44	16	11, 22	6	3, 9	24	18, 29
Homeland Security Investigations	27	21, 32	27	21, 33	10	7, 15	9	6, 14	24	18, 29
Internal Revenue Service-Criminal Investigation	25	21, 29	25	21, 29	14	11, 18	8	6, 11	24	20, 28
Offices of the United States Attorneys	14	9, 20	22	16, 28	20	14, 26	12	7, 17	23	17, 29
U.S. Secret Service	20	14, 29	29	21, 37	17	11, 26	7	3, 14	22	14, 30
By primary responsibility										
Investigations	20	17, 23	33	29, 37	16	13, 19	7	5, 9	21	18, 24
Analysis	20	16, 24	28	23, 32	14	10, 18	8	6, 11	27	23, 32

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Prosecutions	13	8, 19	22	16, 29	20	14, 27	12	7, 17	23	17, 29

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 32: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for eliminating subjects or narrowing the scope of the investigation?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	22	19, 24	35	32, 38	18	16, 21	8	6, 9	14	12, 16
By agency										
Drug Enforcement Administration	25	19, 30	31	25, 37	19	14, 24	11	7, 15	13	9, 18
Federal Bureau of Investigation	21	15, 27	36	29, 43	19	14, 26	6	3, 9	16	11, 22
Homeland Security Investigations	26	21, 32	36	30, 43	12	8, 17	8	5, 13	14	10, 19
Internal Revenue Service-Criminal Investigation	27	23, 31	38	34, 43	17	13, 20	6	4, 9	10	8, 13
Offices of the United States Attorneys	11	7, 17	32	25, 39	20	14, 26	10	6, 15	15	10, 22
U.S. Secret Service	18	12, 26	34	26, 43	26	18, 35	5	2, 12	10	5, 17
By primary responsibility										
Investigations	23	19, 26	36	32, 40	19	15, 22	7	5, 9	13	10, 16
Analysis	26	22, 30	30	25, 34	14	11, 18	10	7, 14	18	14, 22
Prosecutions	11	7, 17	32	25, 39	20	14, 27	10	6, 15	15	10, 22

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to consider their work in conducting or assisting criminal investigations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

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Table 33: Thinking about conducting or assisting criminal investigations, could you generally have obtained the same information you obtained through relevant Bank Secrecy Act reports through other means?

	Yes, with a comparable alternative in terms of efficiency		Yes, with an alternative that is less efficient		No, can't get information from another source		Don't know	
	%	CI	%	CI	%	CI	%	CI
All agencies	6	5, 8	36	33, 39	41	38, 44	17	14, 19
By agency								
Drug Enforcement Administration	6	3, 10	27	21, 32	48	42, 55	19	14, 25
Federal Bureau of Investigation	8	5, 13	35	29, 42	41	34, 48	15	11, 21
Homeland Security Investigations	5	2, 8	38	32, 45	40	34, 47	17	12, 22
Internal Revenue Service-Criminal Investigation	6	4, 8	34	30, 39	53	49, 58	7	5, 9
Offices of the United States Attorneys	2	1, 6	38	31, 46	34	27, 41	26	19, 32
U.S. Secret Service	8	4, 15	51	42, 60	28	20, 37	12	7, 20
By primary responsibility								
Investigations	7	5, 10	35	31, 39	42	38, 47	15	12, 18
Analysis	5	3, 7	37	32, 41	41	36, 46	17	14, 21
Prosecutions	2	1, 6	39	32, 46	33	26, 40	26	19, 32

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Efficiency is defined by the number of investigative steps, where a comparable alternative in terms of efficiency would require a similar number of investigative steps. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Respondents who completed the survey question prior to this question but did not check a response to this question were counted as "Don't know." Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Use of BSA Reports to Analyze Trends, Patterns, and Issues Associated with Criminal Activity

We asked respondents whether they had used BSA reports to analyze trends, patterns, and issues associated with criminal activity (separate from ongoing case work) from 2015 through 2018 (see table 34).

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Table 34: From 2015 through 2018, did you use Bank Secrecy Act reports for analysis of trends, patterns, and issues associated with criminal activity, separate from ongoing case work?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	41	38, 45	59	55, 62
By agency				
Drug Enforcement Administration	42	35, 49	58	51, 65
Federal Bureau of Investigation	44	37, 52	56	48, 63
Homeland Security Investigations	36	29, 43	64	57, 71
Internal Revenue Service-Criminal Investigation	62	57, 68	38	32, 43
Offices of the United States Attorneys	28	19, 38	72	62, 81
U.S. Secret Service	38	27, 48	62	52, 73
By primary responsibility				
Investigations	41	36, 45	59	55, 64
Analysis	52	46, 57	48	43, 54
Prosecutions	26	17, 37	74	63, 83

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

We asked those respondents who had used BSA reports to analyze trends, patterns, or issues associated with criminal activity (separate from ongoing case work) about their experiences (see tables 35–45).

Table 35: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for identifying potential new trends, patterns, or issues?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	26	21, 31	33	27, 38	34	29, 40	5	3, 8	1	>0, 2
By agency										
Drug Enforcement Administration	27	17, 39	28	19, 40	31	20, 43	12	5, 21	2	>0, 8
Federal Bureau of Investigation	20	12, 31	36	25, 47	40	29, 50	4	1, 12	0	0, 2
Homeland Security Investigations	34	22, 45	33	23, 44	23	14, 35	4	1, 11	1	>0, 6
Internal Revenue Service-Criminal Investigation	31	24, 38	34	27, 41	32	25, 39	2	>0, 6	0	0, 2

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Offices of the United States Attorneys	—	—	—	—	—	—	—	—	—	—
U.S. Secret Service	—	—	—	—	—	—	0	0, 7	3	>0, 16
By primary responsibility										
Investigations	25	19, 32	32	25, 39	34	27, 41	6	3, 10	1	>0, 2
Analysis	24	18, 31	39	32, 47	31	24, 39	3	1, 7	1	>0, 4
Prosecutions	—	—	—	—	—	—	0	0, 12	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 36: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for expanding or helping refine previously identified trends, patterns, or issues?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	25	21, 30	35	29, 40	32	27, 38	5	3, 8	1	>0, 3
By agency										
Drug Enforcement Administration	26	17, 38	37	26, 48	27	17, 38	9	3, 17	2	>0, 8
Federal Bureau of Investigation	19	11, 29	39	28, 50	37	26, 48	4	1, 12	>0	>0, 4
Homeland Security Investigations	34	23, 45	30	20, 43	25	16, 37	6	2, 14	1	>0, 6
Internal Revenue Service-Criminal Investigation	32	24, 39	35	28, 42	30	23, 37	3	1, 6	0	0, 2
Offices of the United States Attorneys	—	—	—	—	—	—	—	—	—	—
U.S. Secret Service	—	—	—	—	—	—	0	0, 7	3	>0, 16
By primary responsibility										
Investigations	25	19, 31	35	28, 42	33	25, 40	5	2, 10	1	>0, 2
Analysis	26	19, 32	37	30, 45	30	23, 38	4	2, 8	2	>0, 5
Prosecutions	—	—	—	—	—	—	—	—	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total

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100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 37: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for verifying or confirming previously identified trends, patterns, or issues?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	25	20, 30	39	33, 45	29	23, 34	4	2, 7	1	>0, 3
By agency										
Drug Enforcement Administration	27	17, 39	37	26, 48	23	14, 34	9	3, 17	2	>0, 8
Federal Bureau of Investigation	19	11, 29	46	35, 57	33	22, 43	2	>0, 9	>0	>0, 4
Homeland Security Investigations	35	24, 46	32	21, 44	23	14, 35	6	2, 14	1	>0, 6
Internal Revenue Service-Criminal Investigation	31	24, 38	37	29, 44	30	23, 37	2	>0, 6	0	0, 2
Offices of the United States Attorneys	—	—	—	—	—	—	—	—	—	—
U.S. Secret Service	—	—	—	—	—	—	3	>0, 16	3	>0, 16
By primary responsibility										
Investigations	24	18, 31	40	32, 47	28	22, 35	5	2, 9	1	>0, 2
Analysis	25	18, 31	43	35, 51	27	20, 34	3	1, 7	2	>0, 5
Prosecutions	—	—	—	—	—	—	—	—	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 38: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for eliminating or helping eliminate misleading trends, patterns, or issues?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	19	14, 23	28	22, 33	36	30, 42	12	8, 16	3	1, 6
By agency										
Drug Enforcement Administration	23	14, 34	29	19, 40	33	22, 44	11	5, 20	2	>0, 8

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Federal Bureau of Investigation	11	5, 19	29	19, 41	39	28, 50	15	8, 24	3	>0, 9
Homeland Security Investigations	27	17, 39	27	17, 39	31	21, 44	8	3, 15	3	1, 9
Internal Revenue Service-Criminal Investigation	26	19, 32	28	21, 34	31	24, 38	10	6, 16	4	1, 8
Offices of the United States Attorneys	—	—	—	—	—	—	—	—	—	—
U.S. Secret Service	—	—	—	—	—	—	4	>0, 16	6	1, 21
By primary responsibility										
Investigations	18	13, 24	30	23, 37	35	28, 43	10	6, 16	3	1, 6
Analysis	18	13, 25	25	18, 31	35	28, 43	17	12, 24	3	1, 7
Prosecutions	—	—	—	—	—	—	—	—	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 39: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for identifying potential subjects or networks for further investigation?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	29	24, 34	35	30, 41	27	22, 32	4	2, 7	2	1, 5
By agency										
Drug Enforcement Administration	24	15, 35	40	29, 51	26	16, 37	6	2, 15	2	>0, 8
Federal Bureau of Investigation	26	17, 38	39	28, 50	27	18, 38	4	1, 12	2	>0, 9
Homeland Security Investigations	35	24, 46	30	20, 42	25	15, 36	4	1, 11	1	>0, 6
Internal Revenue Service-Criminal Investigation	35	27, 42	34	27, 41	27	20, 33	3	1, 6	1	>0, 3
Offices of the United States Attorneys	—	—	—	—	—	—	—	—	—	—
U.S. Secret Service	—	—	—	—	—	—	3	>0, 16	3	>0, 16
By primary responsibility										
Investigations	29	22, 36	35	28, 43	26	20, 33	5	2, 9	2	>0, 6

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Analysis	28	21, 35	37	30, 45	27	20, 34	3	1, 7	2	1, 5
Prosecutions	—	—	—	—	—	—	0	0, 12	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 40: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for identifying potential new trends, patterns, or issues?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	48	42, 54	42	36, 48	5	3, 8	3	1, 6	1	>0, 3
By agency										
Drug Enforcement Administration	40	29, 52	41	29, 52	9	4, 19	5	1, 13	3	>0, 8
Federal Bureau of Investigation	48	37, 59	45	34, 56	3	1, 9	4	1, 12	0	0, 2
Homeland Security Investigations	55	43, 66	34	23, 45	7	2, 15	>0	>0, 6	1	>0, 6
Internal Revenue Service-Criminal Investigation	53	46, 61	42	35, 50	3	1, 7	1	>0, 5	0	0, 2
Offices of the United States Attorneys	—	—	—	—	0	0, 10	—	—	—	—
U.S. Secret Service	—	—	—	—	3	>0, 16	0	0, 7	3	>0, 16
By primary responsibility										
Investigations	48	41, 56	41	33, 48	5	3, 9	3	1, 8	1	>0, 2
Analysis	49	41, 56	43	36, 51	4	1, 8	2	>0, 5	2	1, 5
Prosecutions	—	—	—	—	0	0, 12	0	0, 12	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

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Table 41: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for expanding or helping to refine previously identified trends, patterns, or issues?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	49	43, 55	41	35, 46	5	3, 8	2	1, 5	1	>0, 3
By agency										
Drug Enforcement Administration	39	28, 50	45	34, 57	8	3, 17	2	>0, 8	3	>0, 8
Federal Bureau of Investigation	51	40, 62	42	31, 53	3	>0, 9	4	1, 12	0	0, 2
Homeland Security Investigations	54	42, 66	32	21, 44	7	2, 16	>0	>0, 6	1	>0, 6
Internal Revenue Service-Criminal Investigation	55	48, 63	40	32, 47	1	>0, 5	2	>0, 6	1	>0, 3
Offices of the United States Attorneys	—	—	—	—	—	—	—	—	—	—
U.S. Secret Service	—	—	—	—	0	0, 7	0	0, 7	3	>0, 16
By primary responsibility										
Investigations	49	41, 56	40	33, 48	5	2, 9	3	1, 7	1	>0, 2
Analysis	52	44, 59	41	33, 48	4	1, 8	2	>0, 5	2	1, 5
Prosecutions	—	—	—	—	—	—	0	0, 12	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 42: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for verifying or confirming previously identified trends, patterns, or issues?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	49	44, 55	41	35, 46	5	3, 8	1	>0, 4	1	1, 3
By agency										
Drug Enforcement Administration	42	31, 54	43	32, 54	8	3, 17	2	>0, 8	3	>0, 8
Federal Bureau of Investigation	51	40, 62	40	29, 50	5	1, 12	2	>0, 9	>0	>0, 4

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Homeland Security Investigations	56	44, 67	34	23, 46	5	1, 13	>0	>0, 6	1	1, 6
Internal Revenue Service-Criminal Investigation	54	47, 62	40	32, 47	3	1, 7	1	>0, 5	1	>0, 4
Offices of the United States Attorneys	—	—	—	—	0	0, 10	—	—	—	—
U.S. Secret Service	—	—	—	—	3	>0, 16	0	0, 7	3	>0, 16
By primary responsibility										
Investigations	50	42, 57	40	32, 47	6	3, 10	2	>0, 5	1	>0, 3
Analysis	52	44, 59	39	32, 47	3	1, 7	2	>0, 5	3	1, 6
Prosecutions	—	—	—	—	0	0, 12	0	0, 12	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 43: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for eliminating or helping eliminate misleading trends, patterns, or issues?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	37	32, 43	42	36, 48	11	8, 15	3	1, 5	4	2, 8
By agency										
Drug Enforcement Administration	38	26, 49	38	27, 50	15	8, 26	3	1, 11	3	1, 9
Federal Bureau of Investigation	32	22, 43	46	35, 57	10	4, 19	4	1, 10	6	2, 13
Homeland Security Investigations	47	35, 58	37	26, 48	9	4, 18	>0	>0, 6	3	1, 9
Internal Revenue Service-Criminal Investigation	43	35, 50	37	30, 45	12	7, 18	3	1, 7	3	1, 7
Offices of the United States Attorneys	—	—	—	—	—	—	—	—	—	—
U.S. Secret Service	—	—	—	—	7	1, 21	0	0, 7	6	1, 21
By primary responsibility										
Investigations	38	31, 45	42	34, 49	11	7, 17	2	1, 6	4	1, 8
Analysis	35	28, 42	42	34, 50	9	5, 15	5	2, 10	7	4, 12

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Prosecutions	—	—	—	—	—	—	0	0, 12	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 44: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for identifying potential subjects or networks for further investigation?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	51	45, 57	39	33, 45	3	2, 6	1	>0, 4	3	1, 5
By agency										
Drug Enforcement Administration	39	28, 50	49	37, 60	5	1, 12	2	>0, 8	3	>0, 8
Federal Bureau of Investigation	53	42, 64	38	27, 49	3	>0, 9	2	>0, 9	3	1, 10
Homeland Security Investigations	54	42, 66	33	22, 46	6	2, 14	>0	>0, 6	2	>0, 7
Internal Revenue Service-Criminal Investigation	57	49, 64	34	27, 42	5	2, 9	1	>0, 3	2	>0, 5
Offices of the United States Attorneys	—	—	—	—	0	0, 10	—	—	—	—
U.S. Secret Service	—	—	—	—	0	0, 7	0	0, 7	3	>0, 16
By primary responsibility										
Investigations	50	43, 58	40	33, 47	4	2, 7	1	>0, 5	2	>0, 6
Analysis	53	45, 61	36	28, 43	3	1, 7	2	>0, 5	6	3, 10
Prosecutions	—	—	—	—	0	0, 12	0	0, 12	—	—

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

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Table 45: Thinking about analyzing trends, patterns, and issues associated with criminal activity, could you generally have obtained the same information you obtained through relevant Bank Secrecy Act reports through other means?

	Yes, with a comparable alternative in terms of efficiency		Yes, with an alternative that is less efficient		No, can't get information from another source		Don't know	
	%	CI	%	CI	%	CI	%	CI
All agencies	10	6, 14	31	25, 36	44	38, 50	16	12, 21
By agency								
Drug Enforcement Administration	13	6, 23	25	16, 37	43	32, 54	19	10, 29
Federal Bureau of Investigation	9	4, 18	27	18, 38	48	37, 59	15	8, 26
Homeland Security Investigations	10	4, 20	41	29, 52	31	21, 42	19	10, 30
Internal Revenue Service-Criminal Investigation	7	4, 12	32	24, 39	55	47, 62	6	3, 11
Offices of the United States Attorneys	0	0, 10	—	—	—	—	—	—
U.S. Secret Service	—	—	—	—	—	—	—	—
By primary responsibility								
Investigations	12	7, 17	31	24, 37	40	33, 48	17	12, 24
Analysis	6	3, 11	30	23, 37	53	45, 61	12	7, 17
Prosecutions	0	0, 12	—	—	—	—	—	—

Legend: % = estimated percentage; CI = confidence interval; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on analysis conducted separately from ongoing case work. Efficiency is defined by the number of investigative steps, where a comparable alternative in terms of efficiency would require a similar number of investigative steps. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Respondents who completed the survey question prior to this question but did not check a response to this question were counted as "Don't know." Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Use of BSA Reports to Work on Criminal Prosecutions after the Person Has Been Formally Accused of a Crime

We asked respondents whether they had used BSA reports to work on criminal prosecutions post indictment or information—that is, after the person has been formally accused of a crime—including for civil or

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criminal asset forfeitures or for restitution purpose) from 2015 through 2018 (see table 46).⁵

Table 46: From 2015 through 2018, did you use Bank Secrecy Act reports while working on criminal prosecutions (post indictment or information), including for civil or criminal asset forfeitures or for restitution purposes?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	44	41, 47	56	53, 59
By agency				
Drug Enforcement Administration	52	45, 59	48	41, 55
Federal Bureau of Investigation	34	27, 42	66	58, 73
Homeland Security Investigations	43	36, 50	57	50, 64
Internal Revenue Service-Criminal Investigation	65	60, 70	35	30, 40
Offices of the United States Attorneys	47	41, 53	53	47, 59
U.S. Secret Service	38	29, 47	62	53, 71
By primary responsibility				
Investigations	43	39, 47	57	53, 61
Analysis	42	36, 49	58	51, 64
Prosecutions	47	41, 53	53	47, 59

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Post indictment or information is the period after the person has been formally accused of a crime. Results for the total population and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

We asked those respondents who had used BSA reports for work on criminal prosecutions (post indictment or information) about their experiences (see tables 47–57).

⁵An information is a formal criminal charge made by a prosecutor without a grand-jury indictment.

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Table 47: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that was used to obtain a criminal conviction?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	27	23, 31	36	31, 40	27	23, 31	6	4, 8	2	1, 4
By agency										
Drug Enforcement Administration	22	14, 31	35	26, 45	31	21, 40	10	5, 18	0	0, 3
Federal Bureau of Investigation	28	17, 41	38	25, 51	24	14, 38	3	>0, 12	4	>0, 13
Homeland Security Investigations	34	24, 44	34	24, 45	23	14, 33	5	1, 12	1	>0, 7
Internal Revenue Service-Criminal Investigation	41	35, 48	36	30, 42	17	12, 22	4	2, 8	2	>0, 4
Offices of the United States Attorneys	21	15, 29	32	25, 40	33	25, 41	7	3, 12	4	1, 8
U.S. Secret Service	23	12, 38	—	—	—	—	2	>0, 13	0	0, 6
By primary responsibility										
Investigations	28	23, 34	36	30, 42	26	21, 32	6	3, 9	1	>0, 5
Analysis	34	25, 43	39	30, 48	20	13, 29	3	1, 9	2	>0, 8
Prosecutions	21	15, 29	33	25, 40	33	25, 41	6	3, 12	4	1, 8

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

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Table 48: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that led to additional charges?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	22	18, 26	29	25, 33	32	27, 36	11	8, 14	3	1, 5
By agency										
Drug Enforcement Administration	23	15, 32	31	22, 40	28	19, 38	15	9, 24	1	>0, 6
Federal Bureau of Investigation	21	11, 34	28	17, 41	33	21, 47	11	4, 22	6	1, 17
Homeland Security Investigations	27	18, 38	32	22, 42	27	18, 38	10	4, 19	0	0, 3
Internal Revenue Service-Criminal Investigation	30	24, 36	26	21, 32	28	22, 33	13	9, 18	1	>0, 3
Offices of the United States Attorneys	18	12, 26	23	16, 31	39	31, 47	9	5, 15	5	2, 10
U.S. Secret Service	14	6, 27	45	31, 60	—	—	10	3, 23	2	>0, 13
By primary responsibility										
Investigations	23	18, 28	31	25, 36	29	23, 35	13	9, 17	2	1, 6
Analysis	27	19, 36	34	25, 43	28	20, 38	8	4, 15	2	>0, 6
Prosecutions	18	12, 26	23	16, 31	39	31, 47	9	5, 15	5	2, 10

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

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Table 49: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that added additional defendants?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	20	17, 24	27	23, 31	31	27, 35	15	12, 18	4	2, 6
By agency										
Drug Enforcement Administration	22	14, 31	32	23, 41	23	15, 33	18	11, 27	1	>0, 6
Federal Bureau of Investigation	15	8, 27	26	15, 40	34	22, 48	16	7, 28	7	2, 17
Homeland Security Investigations	28	18, 38	33	23, 43	26	17, 37	9	4, 17	1	>0, 7
Internal Revenue Service-Criminal Investigation	24	18, 29	30	24, 36	29	23, 35	14	10, 19	2	1, 5
Offices of the United States Attorneys	17	11, 25	15	9, 22	38	29, 46	19	13, 26	6	3, 11
U.S. Secret Service	17	7, 31	—	—	—	—	10	3, 23	2	>0, 13
By primary responsibility										
Investigations	20	16, 25	31	25, 36	29	23, 34	15	10, 20	3	1, 7
Analysis	26	18, 35	32	23, 40	29	20, 38	8	4, 16	4	1, 10
Prosecutions	17	11, 25	15	9, 22	38	29, 46	19	13, 26	6	3, 11

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 50: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that was used to obtain asset forfeiture?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	21	18, 25	29	25, 34	29	25, 34	13	9, 16	4	2, 6
By agency										
Drug Enforcement Administration	22	14, 31	35	26, 45	29	20, 38	12	6, 20	0	0, 3
Federal Bureau of Investigation	15	8, 27	27	16, 41	32	20, 46	15	7, 28	4	1, 13
Homeland Security Investigations	30	20, 40	29	20, 40	19	11, 29	15	8, 24	3	>0, 9

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Internal Revenue Service-Criminal Investigation	24	18, 29	29	23, 35	27	22, 33	12	8, 17	5	3, 9
Offices of the United States Attorneys	19	13, 26	22	15, 29	37	29, 45	11	6, 17	7	4, 13
U.S. Secret Service	20	9, 34	51	36, 66	—	—	5	1, 17	0	0, 6
By primary responsibility										
Investigations	21	16, 26	32	26, 38	27	22, 33	14	10, 19	2	1, 5
Analysis	27	19, 36	33	24, 42	26	18, 35	8	4, 15	4	1, 10
Prosecutions	19	13, 27	21	15, 29	37	29, 45	11	6, 17	7	4, 13

Legend: % = estimated percentage; CI = confidence interval; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 51: From 2015 through 2018, how frequently did you find Bank Secrecy Act reports that were relevant for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that was used to obtain restitution following a judgment?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	18	14, 21	22	18, 26	30	25, 34	20	16, 24	7	5, 10
By agency										
Drug Enforcement Administration	18	11, 26	27	19, 37	26	18, 36	22	14, 31	4	1, 10
Federal Bureau of Investigation	11	5, 21	25	15, 38	35	22, 49	17	8, 31	8	3, 19
Homeland Security Investigations	23	15, 33	26	17, 37	23	14, 33	19	11, 29	6	2, 13
Internal Revenue Service-Criminal Investigation	21	16, 26	21	16, 27	29	23, 35	20	15, 25	6	3, 10
Offices of the United States Attorneys	17	11, 24	9	5, 15	31	23, 39	25	18, 33	12	7, 18
U.S. Secret Service	19	9, 34	—	—	—	—	10	3, 23	0	0, 6
By primary responsibility										
Investigations	17	13, 22	25	19, 30	30	24, 36	20	15, 25	5	2, 9
Analysis	21	14, 30	34	25, 43	26	17, 35	8	3, 15	9	4, 16

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Prosecutions	17	11, 25	9	5, 15	31	23, 39	25	18, 33	12	7, 18

Legend: % = estimated percentage; CI = confidence interval; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 52: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that was used to obtain a criminal conviction?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	49	44, 54	38	33, 43	3	2, 5	2	1, 4	5	3, 8
By agency										
Drug Enforcement Administration	47	37, 57	37	28, 47	4	1, 11	4	1, 11	6	2, 12
Federal Bureau of Investigation	41	28, 53	47	33, 60	1	>0, 6	1	>0, 6	8	2, 20
Homeland Security Investigations	59	48, 69	29	20, 40	5	1, 12	4	1, 10	1	>0, 6
Internal Revenue Service-Criminal Investigation	65	59, 71	28	22, 34	1	>0, 3	1	>0, 4	4	2, 7
Offices of the United States Attorneys	44	35, 52	40	32, 49	3	1, 7	1	>0, 5	7	4, 13
U.S. Secret Service	50	36, 65	—	—	5	1, 17	2	>0, 13	0	0, 6
By primary responsibility										
Investigations	49	43, 55	38	32, 44	3	2, 6	3	1, 5	5	2, 9
Analysis	61	52, 70	31	22, 40	2	>0, 8	1	>0, 6	3	1, 8
Prosecutions	44	35, 52	41	32, 49	3	1, 7	1	>0, 5	7	4, 13

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent

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confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 53: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that led to additional charges?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	41	36, 45	38	34, 43	7	5, 10	3	1, 4	8	5, 11
By agency										
Drug Enforcement Administration	43	33, 53	33	24, 43	11	5, 19	4	1, 11	7	3, 14
Federal Bureau of Investigation	34	22, 48	46	33, 59	5	1, 14	1	>0, 6	11	4, 24
Homeland Security Investigations	46	35, 56	32	22, 42	8	3, 17	4	1, 10	5	1, 12
Internal Revenue Service-Criminal Investigation	48	42, 54	36	30, 42	4	2, 8	3	1, 6	7	4, 11
Offices of the United States Attorneys	37	29, 45	42	34, 50	5	2, 10	2	>0, 6	9	5, 15
U.S. Secret Service	45	30, 60	—	—	12	4, 26	2	>0, 13	5	1, 17
By primary responsibility										
Investigations	41	35, 47	37	31, 43	8	5, 12	3	1, 5	8	5, 13
Analysis	51	41, 60	38	28, 47	6	2, 13	1	>0, 6	3	1, 9
Prosecutions	37	29, 45	42	34, 50	5	2, 10	2	>0, 6	9	5, 15

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 54: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that added additional defendants?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	39	34, 43	37	33, 42	8	6, 11	3	2, 5	9	7, 13
By agency										

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Drug Enforcement Administration	43	33, 53	32	23, 41	9	4, 16	4	1, 11	10	5, 18
Federal Bureau of Investigation	34	22, 48	44	31, 57	5	1, 13	1	>0, 6	13	5, 26
Homeland Security Investigations	44	34, 55	33	23, 43	7	3, 15	4	1, 10	7	3, 16
Internal Revenue Service-Criminal Investigation	46	40, 52	35	29, 41	7	4, 11	3	1, 6	8	5, 12
Offices of the United States Attorneys	31	23, 38	38	30, 46	12	7, 19	4	1, 8	9	5, 16
U.S. Secret Service	—	—	—	—	10	3, 23	2	>0, 13	2	>0, 13
By primary responsibility										
Investigations	40	34, 46	38	31, 44	7	5, 11	3	1, 5	10	6, 14
Analysis	50	41, 60	33	24, 42	5	1, 11	2	>0, 8	8	4, 16
Prosecutions	30	23, 38	38	30, 46	12	7, 19	4	1, 8	9	5, 16

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 55: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that was used to obtain asset forfeiture?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	39	35, 44	38	34, 43	7	4, 9	3	2, 5	10	7, 13
By agency										
Drug Enforcement Administration	48	38, 58	35	26, 45	6	2, 14	4	1, 11	6	2, 12
Federal Bureau of Investigation	30	18, 43	44	31, 57	8	2, 18	0	0, 3	15	7, 28
Homeland Security Investigations	45	35, 56	33	23, 43	5	1, 12	6	2, 14	7	2, 14
Internal Revenue Service-Criminal Investigation	44	37, 50	37	30, 43	4	2, 7	2	1, 5	12	8, 17
Offices of the United States Attorneys	33	25, 40	40	32, 49	7	4, 13	3	1, 7	13	8, 19
U.S. Secret Service	50	35, 65	—	—	10	3, 23	2	>0, 13	0	0, 6

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
By primary responsibility										
Investigations	41	35, 47	38	32, 44	6	4, 10	4	2, 6	9	6, 14
Analysis	47	37, 56	36	27, 46	6	2, 13	0	0, 2	8	4, 16
Prosecutions	32	25, 40	41	32, 49	7	4, 13	3	1, 7	12	7, 19

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 56: From 2015 through 2018, how useful were the relevant Bank Secrecy Act reports for providing a basis for obtaining evidence (e.g., bank records via a subpoena) that was used to obtain restitution following a judgment?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	34	30, 38	32	28, 37	9	7, 13	4	3, 6	15	12, 18
By agency										
Drug Enforcement Administration	40	30, 49	28	19, 38	9	4, 17	6	2, 14	15	8, 23
Federal Bureau of Investigation	26	15, 40	40	28, 53	10	3, 21	1	>0, 6	17	8, 30
Homeland Security Investigations	40	29, 50	34	23, 44	8	3, 16	7	3, 15	8	3, 16
Internal Revenue Service-Criminal Investigation	40	34, 46	31	25, 37	7	4, 11	5	2, 9	15	11, 20
Offices of the United States Attorneys	27	20, 34	27	19, 34	10	6, 16	4	2, 9	23	17, 31
U.S. Secret Service	—	—	—	—	15	6, 29	2	>0, 13	0	0, 6
By primary responsibility										
Investigations	36	30, 42	33	27, 39	10	6, 14	5	3, 8	12	8, 17
Analysis	36	28, 45	40	31, 50	6	2, 13	1	>0, 6	13	7, 21
Prosecutions	27	19, 34	27	19, 34	10	6, 16	4	2, 9	23	17, 31

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

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Note: This question asked respondents to focus on work on criminal prosecutions (post indictment or information)—that is, after the person had been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 57: Thinking about your work on criminal prosecutions (post indictment or information), could you generally have obtained the same information you obtained through relevant Bank Secrecy Act reports through other means?

	Yes, with a comparable alternative in terms of efficiency		Yes, with an alternative that is less efficient		No, can’t get information from another source		Don’t know	
	%	CI	%	CI	%	CI	%	CI
All agencies	5	4, 8	46	42, 51	34	30, 39	14	11, 17
By agency								
Drug Enforcement Administration	9	4, 16	32	23, 42	47	37, 57	12	6, 20
Federal Bureau of Investigation	2	>0, 7	58	45, 71	30	19, 44	10	4, 21
Homeland Security Investigations	7	3, 15	44	33, 54	32	22, 42	17	10, 27
Internal Revenue Service-Criminal Investigation	7	4, 11	38	31, 44	45	39, 52	10	6, 14
Offices of the United States Attorneys	1	>0, 5	47	39, 55	31	23, 38	21	15, 29
U.S. Secret Service	15	6, 30	—	—	19	9, 34	3	>0, 13
By primary responsibility								
Investigations	7	5, 10	46	40, 52	35	29, 40	12	8, 17
Analysis	5	2, 11	45	36, 54	41	32, 51	9	4, 16
Prosecutions	1	>0, 5	47	39, 55	30	23, 38	21	15, 29

Legend: % = estimated percentage; CI = confidence interval; > = greater than; — = margin of error was greater than +/- 15 percentage points at the 95 percent confidence level and deemed insufficiently reliable for this report

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Post indictment or information is the period after the person has been formally accused of a crime. Work on criminal prosecutions includes work for civil or criminal asset forfeitures or for restitution purposes. Efficiency is defined by the number of investigative steps, where a comparable alternative in terms of efficiency would require a similar number of investigative steps. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Respondents who completed the survey question prior to this question but did not check a response to this question were counted as “Don’t know.” Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Types of BSA Reports Used

We also asked respondents who had used BSA reports about their experiences with specific types of BSA reports (see tables 58–71).

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Table 58: From 2015 through 2018, how frequently did you use Currency and Monetary Instrument Reports in your work?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	7	5, 8	13	11, 15	26	23, 28	43	41, 46	6	5, 7
By agency										
Drug Enforcement Administration	8	5, 11	14	11, 19	29	24, 34	37	31, 42	5	3, 8
Federal Bureau of Investigation	3	1, 5	9	6, 13	24	19, 29	51	45, 57	9	6, 13
Homeland Security Investigations	15	11, 19	22	17, 27	30	25, 35	25	20, 30	4	2, 7
Internal Revenue Service-Criminal Investigation	10	8, 13	11	9, 14	38	34, 43	36	31, 40	2	1, 4
Offices of the United States Attorneys	3	1, 5	10	7, 14	19	15, 23	57	52, 62	5	3, 7
U.S. Secret Service	4	2, 8	9	5, 14	22	16, 28	50	42, 57	7	4, 11
By primary responsibility										
Investigations	7	6, 9	14	12, 16	27	24, 30	40	37, 43	6	5, 9
Analysis	7	5, 10	11	9, 14	27	23, 31	45	40, 49	5	3, 7
Prosecutions	3	1, 5	10	7, 14	19	15, 23	57	52, 62	4	2, 7

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Within specific guidelines, banks that physically transport, mail, or ship currency or monetary instruments of more than \$10,000 at one time out of or into the United States must file a Currency and Monetary Instrument Report, unless currency or monetary instruments are mailed or shipped through the postal service or a common carrier. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 59: From 2015 through 2018, how frequently did you use Currency Transaction Reports (CTR) in your work?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	18	16, 20	23	21, 25	26	24, 28	24	22, 26	4	3, 5
By agency										
Drug Enforcement Administration	22	17, 26	27	22, 32	25	20, 30	19	14, 23	3	1, 5
Federal Bureau of Investigation	18	14, 23	22	17, 26	30	25, 35	21	17, 26	4	2, 8
Homeland Security Investigations	17	13, 21	22	18, 27	28	23, 33	24	19, 28	4	2, 6

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	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Internal Revenue Service-Criminal Investigation	48	43, 52	34	30, 38	12	10, 16	5	3, 7	0	0, 1
Offices of the United States Attorneys	11	7, 14	20	15, 24	24	19, 28	37	32, 42	3	2, 6
U.S. Secret Service	9	5, 13	26	20, 32	22	16, 28	33	26, 39	5	2, 9
By primary responsibility										
Investigations	19	16, 22	24	21, 26	26	23, 30	22	19, 25	4	3, 6
Analysis	21	18, 24	26	22, 30	28	24, 32	19	15, 22	3	2, 5
Prosecutions	10	7, 14	20	15, 24	23	19, 28	37	32, 42	3	2, 6

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: CTRs are reports institutions generally must file when customers make large cash transactions, currently defined by regulation as those exceeding \$10,000. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 60: From 2015 through 2018, how frequently did you use Designation of Exempt Person forms in your work?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	2	1, 3	3	2, 4	8	6, 9	69	67, 72	11	9, 12
By agency										
Drug Enforcement Administration	3	1, 6	5	3, 9	8	5, 11	64	58, 69	11	8, 15
Federal Bureau of Investigation	1	>0, 3	2	1, 4	6	4, 9	71	66, 76	13	9, 18
Homeland Security Investigations	3	1, 5	5	3, 8	8	5, 11	67	62, 72	11	8, 15
Internal Revenue Service-Criminal Investigation	3	2, 5	3	1, 5	15	11, 18	69	65, 74	6	4, 9
Offices of the United States Attorneys	2	1, 4	1	>0, 2	6	4, 9	75	70, 80	7	5, 10
U.S. Secret Service	0	0, 2	3	1, 6	11	7, 17	69	62, 76	10	6, 15
By primary responsibility										
Investigations	2	1, 3	4	3, 5	8	6, 10	68	65, 71	12	9, 14
Analysis	2	1, 4	3	2, 5	10	7, 13	69	65, 73	11	9, 14
Prosecutions	2	1, 4	1	>0, 2	6	3, 9	75	71, 80	7	4, 10

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Appendix II: Results of GAO's Survey of Law Enforcement's Use of Bank Secrecy Act Reports

Note: A Designation of Exempt Person form is used to exempt certain customers from Currency Transaction Report requirements. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 61: From 2015 through 2018, how frequently did you use Foreign Bank Account Reports in your work?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	3	3, 4	7	6, 9	19	17, 21	55	53, 58	8	7, 10
By agency										
Drug Enforcement Administration	4	3, 7	6	4, 10	17	13, 22	55	50, 61	8	5, 12
Federal Bureau of Investigation	2	1, 4	8	5, 11	22	17, 27	53	47, 58	9	6, 14
Homeland Security Investigations	4	2, 6	9	7, 13	13	10, 18	58	52, 63	10	7, 14
Internal Revenue Service-Criminal Investigation	14	11, 17	20	17, 24	41	37, 45	22	18, 25	1	>0, 2
Offices of the United States Attorneys	3	1, 5	3	2, 6	15	11, 19	65	60, 70	6	4, 10
U.S. Secret Service	1	>0, 3	4	2, 8	17	12, 23	60	53, 67	9	5, 14
By primary responsibility										
Investigations	3	2, 4	8	6, 10	19	16, 22	54	50, 57	9	7, 11
Analysis	6	4, 8	9	7, 12	22	19, 26	52	47, 56	7	5, 9
Prosecutions	3	1, 5	3	2, 6	15	11, 19	65	60, 70	6	4, 10

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Entities with a financial interest in, or signature or other authority over, a financial account in a foreign country must generally file a Report of Foreign Bank and Financial Accounts for accounts whose aggregate value exceeded \$10,000 at any time during the calendar year. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 62: From 2015 through 2018, how frequently did you use Form 8300 in your work?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	7	6, 8	14	12, 16	19	17, 21	46	43, 48	8	6, 9
By agency										
Drug Enforcement Administration	9	6, 12	19	15, 24	21	17, 26	37	31, 42	6	3, 9

Appendix II: Results of GAO's Survey of Law Enforcement's Use of Bank Secrecy Act Reports

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Federal Bureau of Investigation	4	2, 7	10	7, 14	16	12, 20	53	47, 58	11	7, 15
Homeland Security Investigations	9	7, 13	17	13, 22	21	16, 25	40	34, 45	8	5, 11
Internal Revenue Service-Criminal Investigation	23	19, 27	33	29, 38	28	24, 32	12	9, 16	>0	>0, 1
Offices of the United States Attorneys	6	3, 9	9	6, 13	17	13, 21	55	49, 60	6	4, 9
U.S. Secret Service	1	>0, 3	8	5, 13	21	15, 28	54	46, 61	8	4, 13
By primary responsibility										
Investigations	7	5, 9	15	13, 17	18	16, 21	44	41, 48	8	6, 11
Analysis	8	6, 10	13	11, 16	24	20, 27	43	38, 47	7	5, 10
Prosecutions	6	3, 9	9	6, 13	16	12, 21	55	49, 60	6	4, 9

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Form 8300 is a report of currency transactions conducted by nonfinancial institutions or businesses. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 63: From 2015 through 2018, how frequently did you use Money Services Business registration forms in your work?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	5	4, 6	9	8, 10	16	14, 17	55	53, 58	8	7, 10
By agency										
Drug Enforcement Administration	5	3, 7	9	6, 12	11	8, 15	58	52, 63	8	5, 12
Federal Bureau of Investigation	3	1, 5	8	5, 11	16	12, 21	57	51, 63	11	7, 15
Homeland Security Investigations	9	6, 13	12	9, 16	18	13, 22	48	43, 54	7	5, 11
Internal Revenue Service-Criminal Investigation	13	10, 16	19	15, 22	33	29, 37	31	27, 35	2	1, 3
Offices of the United States Attorneys	4	2, 6	6	4, 9	12	8, 16	64	58, 69	7	5, 11
U.S. Secret Service	1	>0, 4	6	3, 10	14	10, 20	61	54, 68	8	5, 13
By primary responsibility										
Investigations	5	4, 6	9	7, 11	16	13, 18	55	52, 58	9	7, 11
Analysis	7	5, 9	11	9, 14	20	17, 23	48	44, 53	8	6, 11

Appendix II: Results of GAO's Survey of Law Enforcement's Use of Bank Secrecy Act Reports

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Prosecutions	4	2, 6	6	4, 9	11	8, 15	64	59, 69	7	5, 11

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Each money services business is generally required to register with the Financial Crimes Enforcement Network. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 64: From 2015 through 2018, how frequently did you use Suspicious Activity Reports (SAR) in your work?

	Almost always		Frequently		Occasionally		Not often or never		Not useful for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	31	28, 33	22	20, 25	19	17, 22	19	17, 21	4	3, 5
By agency										
Drug Enforcement Administration	29	24, 34	28	22, 33	19	15, 24	16	12, 20	3	2, 6
Federal Bureau of Investigation	33	27, 38	22	17, 26	20	16, 25	17	13, 22	4	2, 7
Homeland Security Investigations	29	24, 34	19	15, 24	23	19, 28	19	15, 24	4	2, 7
Internal Revenue Service-Criminal Investigation	71	67, 75	18	14, 21	6	4, 9	3	1, 5	0	0, 1
Offices of the United States Attorneys	18	14, 22	25	20, 30	19	14, 23	30	25, 35	3	1, 5
U.S. Secret Service	29	22, 35	20	15, 27	16	11, 22	24	18, 30	4	2, 8
By primary responsibility										
Investigations	32	29, 36	21	19, 24	20	17, 23	17	15, 20	4	3, 5
Analysis	36	32, 40	24	20, 28	17	14, 21	15	12, 19	3	2, 5
Prosecutions	18	13, 22	25	20, 30	19	14, 23	31	26, 36	3	1, 5

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: A SAR is a report certain financial institutions are required to file if a transaction involves or aggregates at least \$5,000 in funds or other assets, and the institution knows, suspects, or has reason to suspect that the transaction is suspicious, or meets certain other criteria such as involving insider abuse at any amount. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Appendix II: Results of GAO's Survey of Law Enforcement's Use of Bank Secrecy Act Reports

Table 65: From 2015 through 2018, how useful were Currency and Monetary Instrument Reports to your work?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	21	19, 23	25	23, 27	6	5, 8	10	9, 12	31	29, 34
By agency										
Drug Enforcement Administration	20	16, 25	30	25, 35	10	7, 14	10	7, 14	23	18, 28
Federal Bureau of Investigation	14	11, 19	20	16, 25	8	5, 12	11	8, 15	39	34, 45
Homeland Security Investigations	36	31, 41	33	28, 39	3	2, 6	7	4, 10	16	12, 20
Internal Revenue Service-Criminal Investigation	33	29, 37	30	25, 34	9	6, 12	6	4, 9	19	16, 23
Offices of the United States Attorneys	13	10, 17	19	15, 24	4	2, 6	12	9, 16	43	38, 48
U.S. Secret Service	15	10, 21	21	15, 28	1	>0, 3	18	13, 24	35	28, 42
By primary responsibility										
Investigations	22	19, 25	26	23, 29	7	5, 9	10	8, 12	28	25, 31
Analysis	21	18, 24	27	24, 31	5	3, 7	10	7, 13	32	28, 36
Prosecutions	13	10, 18	19	15, 24	4	2, 6	12	9, 16	43	38, 48

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Within specific guidelines, banks that physically transport, mail, or ship currency or monetary instruments of more than \$10,000 at one time out of or into the United States must file a Currency and Monetary Instrument Report, unless currency or monetary instruments are mailed or shipped through the postal service or a common carrier. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 66: From 2015 through 2018, how useful were Currency Transaction Reports (CTR) to your work?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	39	37, 42	27	25, 30	4	3, 5	7	6, 8	17	15, 19
By agency										
Drug Enforcement Administration	44	39, 50	32	24, 34	5	3, 8	4	2, 7	11	7, 15
Federal Bureau of Investigation	40	35, 46	27	22, 32	5	3, 8	7	5, 11	16	12, 21
Homeland Security Investigations	39	34, 45	32	27, 37	3	1, 5	6	4, 10	14	10, 18

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Internal Revenue Service-Criminal Investigation	74	70, 78	20	16, 24	2	1, 3	1	>0, 2	3	1, 5
Offices of the United States Attorneys	27	23, 32	25	20, 30	3	2, 6	10	7, 14	27	22, 32
U.S. Secret Service	29	23, 36	24	18, 30	2	1, 6	10	6, 16	26	20, 33
By primary responsibility										
Investigations	41	38, 45	28	25, 31	4	3, 6	7	5, 9	15	13, 18
Analysis	45	41, 49	27	23, 31	4	2, 6	6	4, 8	14	11, 17
Prosecutions	27	23, 32	25	20, 30	3	1, 6	10	7, 14	27	22, 32

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: CTRs are reports institutions generally must file when customers make large cash transactions, currently defined by regulation as those exceeding \$10,000. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 67: From 2015 through 2018, how useful were Designation of Exempt Person forms to your work?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	7	5, 8	11	10, 13	7	6, 8	14	12, 16	53	51, 56
By agency										
Drug Enforcement Administration	7	5, 11	15	11, 19	9	6, 13	15	11, 20	43	38, 49
Federal Bureau of Investigation	5	3, 8	10	7, 13	6	4, 10	14	10, 19	58	52, 63
Homeland Security Investigations	9	6, 13	12	9, 16	6	4, 9	12	9, 16	54	49, 60
Internal Revenue Service-Criminal Investigation	14	11, 17	16	12, 19	12	9, 15	12	9, 15	43	39, 48
Offices of the United States Attorneys	4	2, 7	6	4, 10	6	4, 9	14	10, 18	60	54, 65
U.S. Secret Service	5	3, 9	16	11, 22	5	2, 9	18	13, 25	46	39, 54
By primary responsibility										
Investigations	7	5, 9	12	10, 14	7	5, 9	15	12, 17	51	48, 55
Analysis	7	5, 9	12	9, 15	7	5, 10	12	9, 15	55	51, 60
Prosecutions	4	2, 7	6	4, 9	6	3, 9	14	10, 18	60	55, 65

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Appendix II: Results of GAO's Survey of Law Enforcement's Use of Bank Secrecy Act Reports

Note: A Designation of Exempt Person form is used to exempt certain customers from Currency Transaction Report requirements. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 68: From 2015 through 2018, how useful were Foreign Bank Account Reports to your work?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	15	13, 17	18	16, 20	6	5, 7	11	10, 13	42	39, 44
By agency										
Drug Enforcement Administration	13	9, 17	18	14, 22	10	6, 13	13	9, 17	37	31, 42
Federal Bureau of Investigation	15	11, 19	19	15, 24	5	3, 9	10	7, 14	43	38, 49
Homeland Security Investigations	15	11, 19	19	15, 23	5	3, 8	11	8, 15	44	38, 49
Internal Revenue Service-Criminal Investigation	47	42, 51	29	25, 33	6	4, 9	3	2, 5	11	9, 14
Offices of the United States Attorneys	10	7, 14	11	8, 15	6	4, 10	12	9, 16	51	46, 56
U.S. Secret Service	8	5, 13	16	11, 23	4	2, 8	18	13, 24	42	35, 49
By primary responsibility										
Investigations	15	13, 18	19	16, 22	6	5, 8	12	9, 14	40	36, 43
Analysis	18	14, 21	20	17, 24	6	4, 8	10	7, 12	41	37, 46
Prosecutions	10	7, 14	11	8, 15	6	4, 10	12	9, 16	51	45, 56

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Entities with a financial interest in, or signature or other authority over, a financial account in a foreign country must generally file a Report of Foreign Bank and Financial Accounts for accounts whose aggregate value exceeded \$10,000 at any time during the calendar year. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 69: From 2015 through 2018, how useful were Form 8300s to your work?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	22	20, 24	20	18, 22	6	4, 7	10	8, 11	36	33, 38
By agency										
Drug Enforcement Administration	26	21, 31	24	20, 29	8	5, 11	8	6, 12	24	20, 29
Federal Bureau of Investigation	17	13, 22	16	12, 21	6	4, 10	10	7, 14	45	39, 50

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	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
Homeland Security Investigations	26	21, 30	24	20, 29	6	4, 9	8	6, 12	29	24, 34
Internal Revenue Service-Criminal Investigation	58	54, 63	27	23, 31	3	2, 5	2	1, 3	7	5, 10
Offices of the United States Attorneys	16	12, 20	16	12, 21	4	2, 7	11	8, 15	44	39, 50
U.S. Secret Service	14	10, 20	19	13, 25	2	>0, 5	17	12, 23	39	32, 46
By primary responsibility										
Investigations	23	20, 26	20	18, 23	6	4, 8	10	8, 12	34	30, 37
Analysis	23	19, 26	23	19, 26	5	3, 7	8	5, 11	36	32, 40
Prosecutions	16	12, 20	16	12, 21	4	2, 7	11	8, 15	44	39, 50

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: Form 8300 is a report of currency transactions conducted by nonfinancial institutions or businesses. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 70: From 2015 through 2018, how useful were Money Services Business registration forms to your work?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	16	15, 18	16	14, 18	6	5, 7	12	10, 13	42	39, 44
By agency										
Drug Enforcement Administration	16	12, 20	14	11, 19	8	5, 12	12	9, 17	38	33, 43
Federal Bureau of Investigation	13	10, 18	15	11, 20	6	4, 10	11	8, 16	47	41, 52
Homeland Security Investigations	23	19, 28	20	16, 25	5	3, 8	10	7, 14	35	30, 40
Internal Revenue Service-Criminal Investigation	38	33, 42	27	23, 30	8	5, 11	6	4, 9	18	15, 22
Offices of the United States Attorneys	11	8, 15	9	6, 12	7	4, 10	12	8, 16	51	45, 56
U.S. Secret Service	10	6, 15	18	13, 25	2	>0, 5	17	12, 23	43	35, 50
By primary responsibility										
Investigations	17	15, 20	17	15, 20	6	4, 8	12	10, 14	40	37, 44
Analysis	19	16, 22	18	15, 22	6	4, 9	10	8, 13	40	35, 44
Prosecutions	11	8, 15	9	6, 12	7	4, 10	12	8, 16	51	45, 56

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Appendix II: Results of GAO's Survey of Law Enforcement's Use of Bank Secrecy Act Reports

Note: Each money services business is generally required to register with the Financial Crimes Enforcement Network. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 71: From 2015 through 2018, how useful were Suspicious Activity Reports (SAR) to your work?

	Very useful		Somewhat useful		Not very useful		Not at all useful		Not used for this purpose	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	50	47, 53	22	20, 24	2	2, 3	6	5, 7	14	12, 16
By agency										
Drug Enforcement Administration	50	45, 56	25	20, 30	4	2, 7	4	2, 6	11	7, 15
Federal Bureau of Investigation	52	47, 58	21	17, 26	2	1, 5	7	4, 10	13	9, 17
Homeland Security Investigations	45	39, 50	27	22, 32	2	1, 4	6	4, 9	12	9, 16
Internal Revenue Service-Criminal Investigation	87	83, 90	8	6, 11	>0	>0, 1	>0	>0, 2	2	1, 4
Offices of the United States Attorneys	41	35, 46	20	16, 25	2	>0, 3	8	5, 11	22	17, 26
U.S. Secret Service	50	43, 57	14	9, 20	2	>0, 5	7	4, 12	19	13, 25
By primary responsibility										
Investigations	51	47, 54	22	19, 25	3	2, 4	6	4, 8	13	10, 15
Analysis	57	53, 61	20	17, 24	2	1, 3	5	3, 7	11	8, 14
Prosecutions	41	35, 46	20	16, 24	2	>0, 4	8	5, 12	22	17, 27

Legend: % = estimated percentage; CI = confidence interval; > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: A SAR is a report certain financial institutions are required to file if a transaction involves or aggregates at least \$5,000 in funds or other assets, and the institution knows, suspects, or has reason to suspect that the transaction is suspicious, or meets certain other criteria such as involving insider abuse at any amount. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

BSA Report Access Methods and Potential Crimes for Which Reports Were Used

We asked those respondents who had used BSA reports about the methods they used to access them (see tables 72–75).

Appendix II: Results of GAO's Survey of Law Enforcement's Use of Bank Secrecy Act Reports

Table 72: From 2015 through 2018, did you use direct queries of the Financial Crimes Enforcement Network's data access portal to identify potentially relevant Bank Secrecy Act reports for your work?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	39	36, 41	61	59, 64
By agency				
Drug Enforcement Administration	64	58, 69	36	31, 42
Federal Bureau of Investigation	26	21, 31	74	69, 79
Homeland Security Investigations	43	37, 48	57	52, 63
Internal Revenue Service-Criminal Investigation	77	73, 81	23	19, 27
Offices of the United States Attorneys	18	14, 23	82	77, 86
U.S. Secret Service	50	42, 57	50	43, 58
By primary responsibility				
Investigations	43	40, 46	57	54, 60
Analysis	42	38, 46	58	54, 62
Prosecutions	18	14, 22	82	78, 86

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among "used," "did not use," or "not applicable." To calculate the percentage who used the methodology, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "not applicable"). For respondents who did not check a response, we assumed they did not use the methodology.

Table 73: From 2015 through 2018, did you use direct queries of your or another agency's system, which includes Bank Secrecy Act reports, to identify potentially relevant reports for your work?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	51	48, 53	49	47, 52
By agency				
Drug Enforcement Administration	44	39, 50	56	50, 61
Federal Bureau of Investigation	63	58, 69	37	31, 42
Homeland Security Investigations	55	49, 60	45	40, 51
Internal Revenue Service-Criminal Investigation	81	77, 85	19	15, 23

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	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
Offices of the United States Attorneys	23	19, 28	77	72, 81
U.S. Secret Service	32	25, 39	68	61, 75
By primary responsibility				
Investigations	54	50, 57	46	43, 50
Analysis	65	61, 69	35	31, 39
Prosecutions	23	19, 28	77	72, 82

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: According to Financial Crimes Enforcement Network officials, 10 federal agencies had agreements to periodically download the Bank Secrecy Act database onto their internal computer systems as of December 2018. We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. This survey question asked each respondent to select among "used," "did not use," or "not applicable." To calculate the percentage who used the methodology, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "not applicable"). For respondents who did not check a response, we assumed they did not use the methodology. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 74: From 2015 through 2018, did you request that your agency, other agencies, or the Financial Crimes Enforcement Network conduct searches of Bank Secrecy Act reports to identify potentially relevant reports for your work?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	43	40, 45	57	55, 60
By agency				
Drug Enforcement Administration	57	52, 63	43	37, 48
Federal Bureau of Investigation	32	26, 37	68	63, 74
Homeland Security Investigations	40	35, 46	60	54, 65
Internal Revenue Service-Criminal Investigation	62	58, 67	38	33, 42
Offices of the United States Attorneys	47	41, 52	53	48, 59
U.S. Secret Service	46	38, 53	54	47, 62
By primary responsibility				
Investigations	44	40, 47	56	53, 60
Analysis	33	28, 37	67	63, 72
Prosecutions	47	41, 52	53	48, 59

Source: GAO survey of law enforcement agencies. | GAO-20-574

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Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among “used,” “did not use,” or “not applicable.” To calculate the percentage who used the methodology, we divided the number who selected “used” by the number who selected “used” plus “did not use” (excluding respondents who selected “not applicable”). For respondents who did not check a response, we assumed they did not use the methodology.

Table 75: From 2015 through 2018, did you receive referrals, alerts, or analysis (including “lead packages”) of Bank Secrecy Act reports to identify potentially relevant Bank Secrecy Act reports for your work?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	43	40, 46	57	54, 60
By agency				
Drug Enforcement Administration	42	37, 48	58	52, 63
Federal Bureau of Investigation	45	39, 51	55	49, 61
Homeland Security Investigations	32	27, 37	68	63, 73
Internal Revenue Service-Criminal Investigation	71	67, 75	29	25, 33
Offices of the United States Attorneys	46	40, 51	55	49, 60
U.S. Secret Service	40	33, 48	60	52, 67
By primary responsibility				
Investigations	42	38, 46	58	55, 62
Analysis	44	40, 49	56	51, 60
Prosecutions	45	40, 51	55	49, 60

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we noted that referrals, alerts, or analysis could come from the respondent’s agency, another agency, the Financial Crimes Enforcement Network, Suspicious Activity Report Review Teams, or Task Forces. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among “used,” “did not use,” or “not applicable.” To calculate the percentage who used the methodology, we divided the number who selected “used” by the number who selected “used” plus “did not use” (excluding respondents who selected “not applicable”). For respondents who did not check a response, we assumed they did not use the methodology. We asked those respondents who had used various methods to access BSA reports about their experiences (see tables 78–81).

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We asked those respondents who had used various methods to access BSA reports about their experiences (see tables 78–81).

Table 76: From 2015 through 2018, how frequently did direct queries of the Financial Crimes Enforcement Network's data access portal identify relevant Bank Secrecy Act reports for your work?

	Almost always		Frequently		Occasionally		Not often or never		Not applicable	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	15	13, 17	20	18, 22	17	14, 19	21	18, 23	24	22, 27
By agency										
Drug Enforcement Administration	18	14, 24	27	21, 32	27	21, 33	11	7, 15	12	8, 17
Federal Bureau of Investigation	9	6, 14	13	9, 18	12	7, 17	29	23, 35	36	30, 43
Homeland Security Investigations	19	14, 24	25	19, 30	19	14, 25	19	14, 25	15	11, 21
Internal Revenue Service-Criminal Investigation	35	31, 39	30	25, 34	15	12, 18	11	8, 14	8	6, 11
Offices of the United States Attorneys	9	6, 14	15	10, 21	6	3, 11	24	18, 31	40	33, 47
U.S. Secret Service	19	12, 27	25	18, 34	28	20, 36	14	8, 21	11	6, 18
By primary responsibility										
Investigations	16	13, 18	20	17, 23	19	16, 22	20	17, 24	21	18, 25
Analysis	18	14, 21	23	19, 27	13	10, 16	20	16, 24	25	21, 30
Prosecutions	9	5, 14	15	10, 21	6	3, 10	24	18, 30	41	33, 48

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 77: From 2015 through 2018, how frequently did direct queries of your or another agency's system, which includes Bank Secrecy Act reports, identify relevant reports for your work?

	Almost always		Frequently		Occasionally		Not often or never		Not applicable	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	16	14, 19	28	25, 31	25	23, 28	12	10, 14	15	13, 17
By agency										
Drug Enforcement Administration	9	6, 14	18	13, 23	26	21, 32	14	10, 19	25	20, 30

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	Almost always		Frequently		Occasionally		Not often or never		Not applicable	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	16	14, 19	28	25, 31	25	23, 28	12	10, 14	15	13, 17
Federal Bureau of Investigation	20	15, 26	39	32, 45	29	23, 35	7	4, 12	4	2, 8
Homeland Security Investigations	20	14, 25	28	22, 34	32	26, 38	12	8, 17	6	4, 10
Internal Revenue Service-Criminal Investigation	36	31, 40	33	29, 37	14	11, 17	5	3, 7	9	7, 12
Offices of the United States Attorneys	7	4, 11	21	15, 27	10	6, 15	21	15, 27	36	29, 42
U.S. Secret Service	6	3, 12	14	8, 21	28	20, 36	19	13, 28	28	20, 36
By primary responsibility										
Investigations	18	15, 21	28	24, 31	28	25, 32	11	9, 13	12	10, 15
Analysis	18	14, 22	35	31, 40	26	21, 30	10	8, 13	9	7, 12
Prosecutions	7	4, 12	21	15, 27	10	6, 15	20	14, 26	36	29, 43

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: According to Financial Crimes Enforcement Network officials, 10 federal agencies had agreements to periodically download the Bank Secrecy Act database onto their internal computer systems as of December 2018. We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 78: From 2015 through 2018, how frequently did you request that your agency, other agencies, or the Financial Crimes Enforcement Network conduct searches of Bank Secrecy Act reports to identify relevant reports for your work?

	Almost always		Frequently		Occasionally		Not often or never		Not applicable	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	11	9, 13	21	18, 23	26	24, 29	19	16, 21	19	17, 22
By agency										
Drug Enforcement Administration	13	9, 17	19	14, 24	36	30, 42	10	7, 14	18	13, 23
Federal Bureau of Investigation	7	4, 12	15	10, 21	21	16, 26	28	22, 34	27	21, 33
Homeland Security Investigations	12	8, 17	21	16, 27	25	20, 31	21	16, 26	17	12, 22
Internal Revenue Service-Criminal Investigation	18	14, 21	24	20, 28	19	15, 22	15	12, 18	21	18, 25

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	Almost always		Frequently		Occasionally		Not often or never		Not applicable	
	%	CI	%	CI	%	CI	%	CI	%	CI
Offices of the United States Attorneys	16	11, 21	32	25, 38	30	23, 36	10	6, 15	7	4, 12
U.S. Secret Service	11	6, 18	26	19, 35	30	22, 38	13	7, 20	15	10, 23
By primary responsibility										
Investigations	11	9, 14	20	17, 23	27	24, 30	19	16, 22	19	16, 22
Analysis	7	5, 10	14	11, 18	20	16, 24	26	21, 30	31	27, 36
Prosecutions	16	11, 22	32	25, 39	30	24, 37	9	5, 14	7	4, 12

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

Table 79: From 2015 through 2018, how frequently did you receive referrals, alerts, or analysis (including “lead packages”) of Bank Secrecy Act reports to identify relevant reports for your work?

	Almost always		Frequently		Occasionally		Not often or never		Not applicable	
	%	CI	%	CI	%	CI	%	CI	%	CI
All agencies	9	7, 11	18	15, 20	29	26, 32	23	21, 26	18	15, 20
By agency										
Drug Enforcement Administration	9	6, 13	10	7, 15	26	21, 32	26	20, 31	21	16, 26
Federal Bureau of Investigation	6	3, 10	19	14, 25	34	28, 41	22	17, 28	19	14, 24
Homeland Security Investigations	10	6, 14	15	11, 21	18	13, 24	33	27, 39	20	15, 25
Internal Revenue Service-Criminal Investigation	21	17, 24	21	17, 25	29	24, 33	13	10, 16	14	10, 17
Offices of the United States Attorneys	11	7, 17	26	20, 32	34	27, 40	15	10, 20	10	6, 15
U.S. Secret Service	6	3, 12	17	11, 25	33	25, 42	23	16, 32	16	10, 23
By primary responsibility										
Investigations	9	7, 11	16	13, 19	29	25, 32	25	22, 29	18	15, 21
Analysis	7	4, 9	18	14, 21	27	23, 31	23	19, 27	24	20, 28
Prosecutions	11	7, 17	26	20, 32	33	27, 40	15	10, 21	10	6, 15

Legend: % = estimated percentage; CI = confidence interval

Source: GAO survey of law enforcement agencies. | GAO-20-574

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Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we noted that referrals, alerts, or analysis could come from the respondent’s agency, another agency, the Financial Crimes Enforcement Network, Suspicious Activity Report Review Teams, or Task Forces. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding and respondents who did not select a response. Upper- and lower-bound 95 percent confidence intervals are provided for each estimate. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence.

We asked those respondents who had used BSA reports about the potential crimes for which they had used them (see table 80–89).

Table 80: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential drug trafficking?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	74	71, 77	26	23, 29
By agency				
Drug Enforcement Administration	97	94, 99	3	1, 6
Federal Bureau of Investigation	59	50, 67	41	33, 50
Homeland Security Investigations	81	75, 86	19	14, 25
Internal Revenue Service-Criminal Investigation	64	58, 69	36	31, 42
Offices of the United States Attorneys	75	67, 82	25	18, 33
U.S. Secret Service	11	3, 26	89	74, 97
By primary responsibility				
Investigations	74	70, 78	26	22, 30
Analysis	72	67, 78	28	22, 33
Prosecutions	74	67, 81	26	19, 33

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined drug trafficking as the growing, manufacture, distribution, or dispensing of a controlled substance, including marijuana, heroin, cocaine, methamphetamine, and synthetic/designer drugs. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among “used,” “did not use,” or “do not work in this area.” To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected “used” by the number who selected “used” plus “did not use” (excluding respondents who selected “do not work in this area” for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

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Table 81: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential financial or other fraud?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	89	86, 91	11	9, 14
By agency				
Drug Enforcement Administration	82	76, 87	18	13, 24
Federal Bureau of Investigation	86	79, 91	14	9, 21
Homeland Security Investigations	90	85, 93	10	7, 15
Internal Revenue Service-Criminal Investigation	98	96, 99	2	1, 4
Offices of the United States Attorneys	93	88, 96	7	4, 12
U.S. Secret Service	96	91, 99	4	1, 9
By primary responsibility				
Investigations	87	84, 90	13	10, 16
Analysis	91	87, 94	9	6, 13
Prosecutions	93	88, 96	7	4, 12

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined financial or other fraud as the intentional use of deceit, a trick, or some dishonest means to deprive another of money, property, or a legal right. Fraud encompasses a wide range of criminal activity including health care, identity, mortgage, retail, and consumer fraud and other crimes that are based on deception. Fraud includes cyber and cyber-enabled crimes, such as credit card fraud, business email compromise, and consumer scams. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among "used," "did not use," or "do not work in this area." To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "do not work in this area" for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

Table 82: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential human smuggling?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	25	22, 29	75	71, 78
By agency				
Drug Enforcement Administration	3	1, 7	97	93, 99
Federal Bureau of Investigation	20	12, 29	80	71, 88

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	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
Homeland Security Investigations	54	46, 61	46	39, 54
Internal Revenue Service-Criminal Investigation	16	11, 22	84	78, 89
Offices of the United States Attorneys	17	10, 26	83	74, 90
U.S. Secret Service	3	>0, 13	97	87, 100
By primary responsibility				
Investigations	26	21, 30	74	70, 79
Analysis	31	25, 37	69	63, 75
Prosecutions	17	10, 26	83	74, 90

Legend: > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined human smuggling to include the transportation and potential harboring of people who have consented to their travel for a fee. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among "used," "did not use," or "do not work in this area." To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "do not work in this area" for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

Table 83: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential human trafficking?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	27	23, 31	73	69, 77
By agency				
Drug Enforcement Administration	2	>0, 6	98	94, 100
Federal Bureau of Investigation	34	25, 43	66	57, 75
Homeland Security Investigations	42	35, 50	58	50, 65
Internal Revenue Service-Criminal Investigation	25	20, 31	75	69, 80
Offices of the United States Attorneys	21	14, 30	79	70, 86
U.S. Secret Service	5	1, 16	95	84, 99
By primary responsibility				

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	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
Investigations	28	23, 33	72	67, 77
Analysis	31	25, 37	69	63, 75
Prosecutions	20	13, 30	80	70, 87

Legend: > = greater than

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined human trafficking to include the movement of nonconsenting persons, often across borders, potentially through force, fraud, or coercion. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among "used," "did not use," or "do not work in this area." To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "do not work in this area" for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

Table 84: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential money laundering?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	86	84, 88	14	12, 16
By agency				
Drug Enforcement Administration	93	88, 96	7	4, 12
Federal Bureau of Investigation	83	76, 88	17	12, 24
Homeland Security Investigations	84	78, 89	16	11, 22
Internal Revenue Service-Criminal Investigation	90	87, 93	10	7, 13
Offices of the United States Attorneys	88	83, 93	12	7, 17
U.S. Secret Service	81	72, 88	19	12, 28
By primary responsibility				
Investigations	85	82, 88	15	12, 18
Analysis	88	84, 91	12	9, 16
Prosecutions	89	83, 93	11	7, 17

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined money laundering to include a process used to make illegally gained proceeds appear legal. Common money laundering schemes

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include bulk cash smuggling, structuring to avoid transaction reporting, use of funnel accounts (collection of deposits at multiple banks or bank locations for withdrawal at a different location), use of virtual currencies and associated services that enhance anonymity, misuse of legal entities, and use of complicit merchants, professionals, and financial services employees. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among "used," "did not use," or "do not work in this area." To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "do not work in this area" for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

Table 85: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential organized criminal enterprises?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	69	66, 72	31	28, 34
By agency				
Drug Enforcement Administration	72	66, 78	28	22, 34
Federal Bureau of Investigation	70	62, 77	30	23, 38
Homeland Security Investigations	70	64, 77	30	23, 36
Internal Revenue Service-Criminal Investigation	67	62, 72	33	28, 38
Offices of the United States Attorneys	65	57, 73	35	27, 43
U.S. Secret Service	65	56, 75	35	25, 44
By primary responsibility				
Investigations	69	65, 73	31	27, 35
Analysis	74	69, 79	26	21, 31
Prosecutions	65	57, 73	35	27, 43

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined organized criminal enterprises as self-perpetuating associations of individuals who operate, wholly or in part, by illegal means. These enterprises include transnational criminal organizations. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among "used," "did not use," or "do not work in this area." To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "do not work in this area" for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

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Table 86: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential proliferation of weapons of mass destruction?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	14	11, 18	86	82, 89
By agency				
Drug Enforcement Administration	5	2, 10	95	90, 98
Federal Bureau of Investigation	22	14, 31	78	69, 86
Homeland Security Investigations	16	10, 23	84	77, 90
Internal Revenue Service-Criminal Investigation	6	3, 10	94	90, 97
Offices of the United States Attorneys	7	3, 15	93	85, 97
U.S. Secret Service	5	1, 17	95	83, 99
By primary responsibility				
Investigations	14	10, 19	86	81, 90
Analysis	18	13, 24	82	76, 87
Prosecutions	7	3, 15	93	85, 97

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined proliferation of weapons of mass destruction to include efforts by state and nonstate actors to modernize, develop, or acquire nuclear, chemical, or biological weapons of mass destruction, their underlying delivery systems, or underlying technology. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among "used," "did not use," or "do not work in this area." To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "do not work in this area" for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

Table 87: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential public corruption?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	38	34, 42	62	58, 66
By agency				
Drug Enforcement Administration	14	9, 21	86	79, 91
Federal Bureau of Investigation	52	43, 61	48	39, 57

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	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
Homeland Security Investigations	21	15, 29	79	71, 85
Internal Revenue Service-Criminal Investigation	57	52, 62	43	38, 49
Offices of the United States Attorneys	52	43, 61	48	39, 57
U.S. Secret Service	10	3, 22	90	78, 97
By primary responsibility				
Investigations	33	28, 38	67	62, 72
Analysis	48	42, 55	52	45, 58
Prosecutions	52	43, 61	48	39, 57

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined public corruption to include federal, state, local, or foreign officials and, among other things, often involves fraud related to government procurement, contracts, and programs, including through bribery, extortion, embezzlement, illegal kickbacks, and money laundering (also known as kleptocracy). Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among "used," "did not use," or "do not work in this area." To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "do not work in this area" for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

Table 88: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential tax crimes?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	40	37, 44	60	56, 63
By agency				
Drug Enforcement Administration	15	9, 23	85	77, 91
Federal Bureau of Investigation	34	25, 43	66	57, 75
Homeland Security Investigations	25	17, 33	75	67, 83
Internal Revenue Service-Criminal Investigation	95	93, 97	5	3, 7
Offices of the United States Attorneys	61	53, 69	39	31, 47
U.S. Secret Service	28	17, 42	72	58, 83
By primary responsibility				
Investigations	36	31, 40	64	60, 69
Analysis	40	34, 47	60	53, 66

Appendix II: Results of GAO's Survey of Law Enforcement's Use of Bank Secrecy Act Reports

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
Prosecutions	61	53, 69	39	31, 47

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined tax crimes as intentional acts of wrongdoing on the part of a taxpayer with the specific purpose of evading a tax known or believed to be owed. Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select among "used," "did not use," or "do not work in this area." To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "do not work in this area" for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

Table 89: From 2015 through 2018, did you use Bank Secrecy Act reports for your work on potential terrorism?

	Used		Did not use	
	Estimated percentage	95 percent confidence interval	Estimated percentage	95 percent confidence interval
All agencies	35	31, 39	65	61, 69
By agency				
Drug Enforcement Administration	10	6, 16	90	84, 94
Federal Bureau of Investigation	60	52, 69	40	31, 48
Homeland Security Investigations	25	18, 32	75	68, 82
Internal Revenue Service-Criminal Investigation	33	27, 39	67	61, 73
Offices of the United States Attorneys	21	13, 31	79	69, 87
U.S. Secret Service	10	3, 23	90	77, 97
By primary responsibility				
Investigations	33	28, 39	67	61, 72
Analysis	53	46, 59	47	41, 54
Prosecutions	19	11, 29	81	71, 89

Source: GAO survey of law enforcement agencies. | GAO-20-574

Note: We defined this work to include criminal investigations; analysis of trends, patterns, and issues associated with criminal activities; or criminal prosecutions, including for civil or criminal asset forfeitures or for restitution purposes. In our survey, we defined terrorism to include violent acts perpetrated by individuals or groups inspired by or associated with designated foreign terrorist organizations or nations (international terrorism) or primarily U.S.-based movements that use violence and espouse extremist ideologies of a political, religious, social, racial, or environmental nature (domestic terrorism). Results for all agencies and for each agency and area of primary responsibility may not total 100 percent due to rounding. Margin of error for all estimates is 15 percentage points or less at the 95 percent level of confidence. This survey question asked each respondent to select

**Appendix II: Results of GAO's Survey of Law
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among "used," "did not use," or "do not work in this area." To calculate the percentage who used Bank Secrecy Act reports, we divided the number who selected "used" by the number who selected "used" plus "did not use" (excluding respondents who selected "do not work in this area" for that type of crime). For respondents who did not check a response, we assumed they did not use the reports in their work on that crime type.

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

This appendix provides further data on the characteristics of the 11 banks and credit unions we studied and the direct costs we estimated for each to comply with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements (see tables 90 through 122). For each bank or credit union, we provide a table of selected characteristics, a table of cost metrics, and a table of estimated costs by regulatory requirement. We provide ranges and round for certain characteristics and costs, respectively, to protect the anonymity of the banks and credit unions that participated in our review. For additional details on how we selected participants, collected data, and estimated BSA/AML compliance costs, see appendix I.

Small Credit Union A

Table 90: Selected Characteristics of Small Credit Union A, 2018

Characteristic	Value
Financial institution type	Credit union
Total assets (dollars) ^a	50 million or less
Total noninterest expenses (dollars)	501,000 to 1 million
Number of employees	25 or less
Number of new accounts opened ^b	200 or less
Number of suspicious activity reports filed	3
Number of currency transaction reports filed	8

Source: GAO analysis of data provided by selected credit union and National Credit Union Administration. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

Table 91: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Small Credit Union A, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.06
Total estimated cost as a percentage of noninterest expenses	1.8
Estimated customer due diligence cost per new account (dollars) ^b	7
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	1,990
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	5
Estimated cost per required information-sharing search (dollars) ^e	3
Estimated cost per employee trained (dollars) ^f	114

Source: GAO analysis of data provided by selected credit union and National Credit Union Administration. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the credit union reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^cEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^dEstimated cost per CTR includes personnel costs to monitor and report.

^eAccording to the Financial Crimes Enforcement Network, credit unions were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^fEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

Table 92: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Small Credit Union A, 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Customer due diligence requirements^b	5,197	32
Reporting requirements	6,011	37
Suspicious activity reporting	5,969	37
Currency transaction reporting and exemptions	42	<1
Report of International Transportation of Currency or Monetary Instruments	—	—
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	3,416	21
Internal controls	220	1
Independent testing	1,598	10
Training	1,599	10
Other requirements	139	1
Information sharing	85	1
Funds transfer recordkeeping	34	<1
Monetary instrument recordkeeping	19	<1
Special measures	—	—
Software and other third parties	1,400	9
Software	1,400	9

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Other third parties	—	—
Total cost	16,163	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected credit union. | GAO-20-574

^aEstimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

Small Credit Union B

Table 93: Selected Characteristics of Small Credit Union B, 2018

Characteristic	Value
Financial institution type	Credit union
Total assets (dollars) ^a	50 million or less
Total noninterest expenses (dollars)	501,000 to 1 million
Number of employees	25 or less
Number of new accounts opened ^b	200 or less
Number of suspicious activity reports filed	1
Number of currency transaction reports filed	5

Source: GAO analysis of data provided by selected credit union and National Credit Union Administration. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

Table 94: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Small Credit Union B, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.06
Total estimated cost as a percentage of noninterest expenses	2.0
Estimated customer due diligence cost per new account (dollars) ^b	8
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	887
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	5
Estimated cost per required information-sharing search (dollars) ^e	163
Estimated cost per employee trained (dollars) ^f	19

Source: GAO analysis of data provided by selected credit union and National Credit Union Administration. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the credit union reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^cEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^dEstimated cost per CTR includes personnel costs to monitor and report.

^eAccording to the Financial Crimes Enforcement Network, credit unions were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^fEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

Table 95: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Small Credit Union B, 2018

Type of cost	Estimated cost (dollars)^a	Percentage of total cost
Customer due diligence requirements^b	2,588	18
Reporting requirements	912	6
Suspicious activity reporting	887	6
Currency transaction reporting and exemptions	25	<1
Report of International Transportation of Currency or Monetary Instruments	—	—

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	4,087	29
Internal controls	2,351	16
Independent testing	1,601	11
Training	136	1
Other requirements	4,752	33
Information sharing	4,562	32
Funds transfer recordkeeping	172	1
Monetary instrument recordkeeping	18	<1
Special measures	—	—
Software and other third parties	2,000	14
Software	2,000	14
Other third parties	—	—
Total cost	14,339	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected credit union. | GAO-20-574

^aEstimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

Small Community Bank A

Table 96: Selected Characteristics of Small Community Bank A, 2018

Characteristic	Value
Financial institution type	Community bank
Total assets (dollars) ^a	101 million to 200 million
Total noninterest expenses (dollars)	1.1 million to 5 million
Number of employees	26 to 50
Number of new accounts opened ^b	501 to 1,000
Number of suspicious activity reports filed	10
Number of currency transaction reports filed	29

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

Table 97: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Small Community Bank A, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.03
Total estimated cost as a percentage of noninterest expenses	1.3
Estimated customer due diligence cost per new account (dollars) ^b	12
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	799
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	12
Estimated cost per required information-sharing search (dollars) ^e	21
Estimated cost per employee trained (dollars) ^f	53

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the bank reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^cEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^dEstimated cost per CTR includes personnel costs to monitor and report.

^eAccording to the Financial Crimes Enforcement Network, banks were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^fEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

**Appendix III: Characteristics and Estimated
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Banks and Credit Unions in 2018**

Table 98: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Small Community Bank A, 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Customer due diligence requirements^b	10,862	25
Reporting requirements	8,344	19
Suspicious activity reporting	7,989	19
Currency transaction reporting and exemptions	354	1
Report of International Transportation of Currency or Monetary Instruments	—	—
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	3,912	9
Internal controls	388	1
Independent testing	2,309	5
Training	1,214	3
Other requirements	4,012	9
Information sharing	575	1
Funds transfer recordkeeping	1,338	3
Monetary instrument recordkeeping	2,100	5
Special measures	—	—
Software and other third parties	15,726	37
Software	15,726	37
Other third parties	—	—
Total cost	42,856	100

Legend: — = no cost

Source: GAO analysis of data provided by selected bank. | GAO-20-574

^aEstimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

(for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

Small Community Bank B

Table 99: Selected Characteristics of Small Community Bank B, 2018

Characteristic	Value
Financial institution type	Community bank
Total assets (dollars) ^a	101 million to 200 million
Total noninterest expenses (dollars)	1.1 million to 5 million
Number of employees	26 to 50
Number of new accounts opened ^b	501 to 1,000
Number of suspicious activity reports filed	2
Number of currency transaction reports filed	23

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

Table 100: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Small Community Bank B, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.07
Total estimated cost as a percentage of noninterest expenses	2.4
Estimated customer due diligence cost per new account (dollars) ^b	18
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	17,773
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	5
Estimated cost per required information-sharing search (dollars) ^e	22
Estimated cost per employee trained (dollars) ^f	177

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the bank reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^eEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^fEstimated cost per CTR includes personnel costs to monitor and report.

^gAccording to the Financial Crimes Enforcement Network, banks were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^hEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

Table 101: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Small Community Bank B, 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Customer due diligence requirements^b	26,171	32
Reporting requirements	35,727	44
Suspicious activity reporting	35,547	44
Currency transaction reporting and exemptions	180	<1
Report of International Transportation of Currency or Monetary Instruments	—	—
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	15,325	19
Internal controls	366	<1
Independent testing	10,357	13
Training	4,602	6
Other requirements	4,224	5
Information sharing	604	1
Funds transfer recordkeeping	2,533	3
Monetary instrument recordkeeping	1,087	1
Special measures	—	—
Software and other third parties	—	—
Software	—	—

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Other third parties	—	—
Total cost	81,447	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected bank. | GAO-20-574

^aEstimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

Large Credit Union A

Table 102: Selected Characteristics of Large Credit Union A, 2018

Characteristic	Value
Financial institution type	Credit union
Total assets (dollars) ^a	101 million to 200 million
Total noninterest expenses (dollars)	1.1 million to 5 million
Number of employees	26 to 50
Number of new accounts opened ^b	401 to 500
Number of suspicious activity reports filed	49
Number of currency transaction reports filed	17,691

Source: GAO analysis of data provided by selected credit union and National Credit Union Administration. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

**Appendix III: Characteristics and Estimated
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Table 103: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Large Credit Union A, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.14
Total estimated cost as a percentage of noninterest expenses	4.9
Estimated customer due diligence cost per new account (dollars) ^b	31
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	1,169
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	3
Estimated cost per required information-sharing search (dollars) ^e	8
Estimated cost per employee trained (dollars) ^f	350

Source: GAO analysis of data provided by selected credit union and National Credit Union Administration. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the credit union reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^cEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^dEstimated cost per CTR includes personnel costs to monitor and report.

^eAccording to the Financial Crimes Enforcement Network, credit unions were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^fEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

Table 104: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Large Credit Union A, 2018

Type of cost	Estimated cost (dollars)^a	Percentage of total cost
Customer due diligence requirements^b	35,113	15
Reporting requirements	104,940	44
Suspicious activity reporting	57,276	24
Currency transaction reporting and exemptions	47,663	20
Report of International Transportation of Currency or Monetary Instruments	—	—

Appendix III: Characteristics and Estimated BSA/AML Compliance Costs for 11 Selected Banks and Credit Unions in 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	55,191	23
Internal controls	183	<1
Independent testing	41,696	18
Training	13,313	6
Other requirements	3,085	1
Information sharing	234	<1
Funds transfer recordkeeping	1,643	1
Monetary instrument recordkeeping	1,208	1
Special measures	—	—
Software and other third parties	38,805	16
Software	38,805	16
Other third parties	—	—
Total cost	237,134	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected credit union. | GAO-20-574

^aEstimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

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Large Credit Union B

Table 105: Selected Characteristics of Large Credit Union B, 2018

Characteristic	Value
Financial institution type	Credit union
Total assets (dollars) ^a	101 million to 200 million
Total noninterest expenses (dollars)	5.1 million to 10 million
Number of employees	26 to 50
Number of new accounts opened ^b	501 to 1,000
Number of suspicious activity reports filed	3
Number of currency transaction reports filed	42

Source: GAO analysis of data provided by selected credit union and National Credit Union Administration. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

Table 106: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Large Credit Union B, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.04
Total estimated cost as a percentage of noninterest expenses	1.1
Estimated customer due diligence cost per new account (dollars) ^b	6
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	5,882
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	7
Estimated cost per required information-sharing search (dollars) ^e	4
Estimated cost per employee trained (dollars) ^f	55

Source: GAO analysis of data provided by selected credit union and National Credit Union Administration. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the credit union reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^cEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^dEstimated cost per CTR includes personnel costs to monitor and report.

^eAccording to the Financial Crimes Enforcement Network, credit unions were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^fEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

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Table 107: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Large Credit Union B, 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Customer due diligence requirements^b	15,849	22
Reporting requirements	17,942	25
Suspicious activity reporting	17,647	24
Currency transaction reporting and exemptions	295	<1
Report of International Transportation of Currency or Monetary Instruments	—	—
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	4,836	7
Internal controls	297	<1
Independent testing	1,848	3
Training	2,691	4
Other requirements	10,234	14
Information sharing	112	<1
Funds transfer recordkeeping	10,122	14
Monetary instrument recordkeeping	—	—
Special measures	—	—
Software and other third parties	23,975	33
Software	23,975	33
Other third parties	—	—
Total cost	72,836	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected credit union. | GAO-20-574

^aEstimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification

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(for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

Large Community Bank A

Table 108: Selected Characteristics of Large Community Bank A, 2018

Characteristic	Value
Financial institution type	Community bank
Total assets (dollars) ^a	501 million to 600 million
Total noninterest expenses (dollars)	10.1 million to 20 million
Number of employees	101 to 500
Number of new accounts opened ^b	1,001 to 5,000
Number of suspicious activity reports filed	9
Number of currency transaction reports filed	330

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

Table 109: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Large Community Bank A, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.03
Total estimated cost as a percentage of noninterest expenses	1.1
Estimated customer due diligence cost per new account (dollars) ^b	17
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	4,088
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	10
Estimated cost per required information-sharing search (dollars) ^e	18
Estimated cost per employee trained (dollars) ^f	56

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the bank reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information

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needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^eEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^fEstimated cost per CTR includes personnel costs to monitor and report.

^gAccording to the Financial Crimes Enforcement Network, banks were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^hEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

Table 110: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Large Community Bank A, 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Customer due diligence requirements^b	47,165	28
Reporting requirements	40,365	24
Suspicious activity reporting	36,789	22
Currency transaction reporting and exemptions	3,576	2
Report of International Transportation of Currency or Monetary Instruments	—	—
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	30,368	18
Internal controls	3,232	2
Independent testing	20,355	12
Training	6,781	4
Other requirements	21,940	13
Information sharing	491	<1
Funds transfer recordkeeping	21,446	13
Monetary instrument recordkeeping	3	<1
Special measures	—	—
Software and other third parties	28,362	17
Software	24,612	15

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Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Other third parties	3,750	2
Total cost	168,201	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected bank. | GAO-20-574

^aEstimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

Large Community Bank B

Table 111: Selected Characteristics of Large Community Bank B, 2018

Characteristic	Value
Financial institution type	Community bank
Total assets (dollars) ^a	401 million to 500 million
Total noninterest expenses (dollars)	20.1 million to 30 million
Number of employees	101 to 500
Number of new accounts opened ^b	1,001 to 5,000
Number of suspicious activity reports filed	51
Number of currency transaction reports filed	73

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

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Table 112: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Large Community Bank B, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.02
Total estimated cost as a percentage of noninterest expenses	0.4
Estimated customer due diligence cost per new account (dollars) ^b	5
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	309
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	10
Estimated cost per required information-sharing search (dollars) ^e	2
Estimated cost per employee trained (dollars) ^f	114

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the bank reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^cEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^dEstimated cost per CTR includes personnel costs to monitor and report.

^eAccording to the Financial Crimes Enforcement Network, banks were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^fEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

Table 113: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Large Community Bank B, 2018

Type of cost	Estimated cost (dollars)^a	Percentage of total cost
Customer due diligence requirements^b	14,456	16
Reporting requirements	16,551	18
Suspicious activity reporting	15,762	17
Currency transaction reporting and exemptions	789	1
Report of International Transportation of Currency or Monetary Instruments	—	—

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Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	31,574	34
Internal controls	4,379	5
Independent testing	14,765	16
Training	12,431	14
Other requirements	18,690	20
Information sharing	69	<1
Funds transfer recordkeeping	14,940	16
Monetary instrument recordkeeping	3,681	4
Special measures	—	—
Software and other third parties	10,750	12
Software	10,000	11
Other third parties	750	1
Total cost	92,021	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected bank. | GAO-20-574

^aEstimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

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Large Bank

Table 114: Selected Characteristics of a Selected Large Bank, 2018

Characteristic	Value
Financial institution type	Regional or national bank
Total assets (dollars) ^a	1.1 billion to 5 billion
Total noninterest expenses (dollars)	51 million to 100 million
Number of employees	501 to 1,000
Number of new accounts opened ^b	5,001 to 10,000
Number of suspicious activity reports filed	178
Number of currency transaction reports filed	1,361

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

Table 115: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for a Selected Large Bank, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.02
Total estimated cost as a percentage of noninterest expenses	0.7
Estimated customer due diligence cost per new account (dollars) ^b	10
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	792
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	11
Estimated cost per required information-sharing search (dollars) ^e	22
Estimated cost per employee trained (dollars) ^f	61

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the bank reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^cEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^dEstimated cost per CTR includes personnel costs to monitor and report.

^eAccording to the Financial Crimes Enforcement Network, banks were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^fEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

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Table 116: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for a Selected Large Bank, 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Customer due diligence requirements^b	149,435	34
Reporting requirements	158,737	37
Suspicious activity reporting	140,946	32
Currency transaction reporting and exemptions	17,790	4
Report of International Transportation of Currency or Monetary Instruments	—	—
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	71,040	16
Internal controls	5,133	1
Independent testing	34,835	8
Training	31,072	7
Other requirements	2,600	1
Information sharing	622	<1
Funds transfer recordkeeping	—	—
Monetary instrument recordkeeping	1,978	<1
Special measures	—	—
Software and other third parties	52,570	12
Software	52,570	12
Other third parties	—	—
Total cost	434,381	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected bank. | GAO-20-574

^aEstimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification

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(for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

Very Large Bank A

Table 117: Selected Characteristics of Very Large Bank A, 2018

Characteristic	Value
Financial institution type	Regional or national bank
Total assets (dollars) ^a	101 billion or more
Total noninterest expenses (dollars)	3.1 billion or more
Number of employees	9,001 or more
Number of new accounts opened ^b	100,001 to 500,000
Number of suspicious activity reports filed	3,712
Number of currency transaction reports filed	64,035

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

Table 118: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Very Large Bank A, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.02
Total estimated cost as a percentage of noninterest expenses	0.5
Estimated customer due diligence cost per new account (dollars) ^b	44
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	1,325
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	4
Estimated cost per required information-sharing search (dollars) ^e	402
Estimated cost per employee trained (dollars) ^f	68

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the bank reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

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^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^cEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^dEstimated cost per CTR includes personnel costs to monitor and report.

^eAccording to the Financial Crimes Enforcement Network, banks were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^fEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

Table 119: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Very Large Bank A, 2018

Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Customer due diligence requirements^b	12,000,000	58
Reporting requirements	5,000,000	25
Suspicious activity reporting	5,000,000	23
Currency transaction reporting and exemptions	300,000	1
Report of International Transportation of Currency or Monetary Instruments	—	—
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	2,000,000	8
Internal controls	500,000	2
Independent testing	400,000	2
Training	800,000	4
Other requirements	12,000	<1
Information sharing	12,000	<1
Funds transfer recordkeeping	50	<1
Monetary instrument recordkeeping	—	—
Special measures	—	—
Software and other third parties	1,600,000	8

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Type of cost	Estimated cost (dollars) ^a	Percentage of total cost
Software	1,600,000	8
Other third parties	—	—
Total cost	21,000,000	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected bank. | GAO-20-574

^aCosts may not sum to equal the totals due to rounding. Estimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

Very Large Bank B

Table 120: Selected Characteristics of Very Large Bank B, 2018

Characteristic	Value
Financial institution type	Regional or national bank
Total assets (dollars) ^a	51 billion to 100 billion
Total noninterest expenses (dollars)	1.1 billion to 3 billion
Number of employees	9,001 or more
Number of new accounts opened ^b	500,001 or more
Number of suspicious activity reports filed	6,757
Number of currency transaction reports filed	72,583

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal assets and noninterest expenses are based on the December 2018 Call Report.

^bNew accounts opened includes applicable consumer, business, trust, and other accounts for natural persons and legal entities.

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Table 121: Estimated Bank Secrecy Act/Anti-Money Laundering Cost Metrics for Very Large Bank B, 2018

Metric	Value
Total estimated cost as a percentage of total assets ^a	0.02
Total estimated cost as a percentage of noninterest expenses	0.7
Estimated customer due diligence cost per new account (dollars) ^b	6
Estimated cost per suspicious activity report (SAR) filed (dollars) ^c	499
Estimated cost per currency transaction report (CTR) filed (dollars) ^d	8
Estimated cost per required information-sharing search (dollars) ^e	13
Estimated cost per employee trained (dollars) ^f	41

Source: GAO analysis of data provided by selected bank and Federal Deposit Insurance Corporation. | GAO-20-574

^aTotal estimated cost includes personnel, third-party, and software resources the bank reported for compliance with Bank Secrecy Act and anti-money laundering requirements. Total assets and noninterest expenses are based on the December 2018 Call Report.

^bEstimated customer due diligence cost per new account includes personnel costs to collect and review identifying information for customers and beneficial owners, as well as other information needed to understand the nature and purpose of the account and establish a risk rating. Because the requirements to conduct additional due diligence and ongoing monitoring also apply to existing accounts, we excluded them from this estimate.

^cEstimated cost per SAR includes personnel and third-party costs to monitor, investigate, and report.

^dEstimated cost per CTR includes personnel costs to monitor and report.

^eAccording to the Financial Crimes Enforcement Network, banks were required to search their records for 28 subject lists in 2018. Estimated cost per required information-sharing search includes the personnel costs to search customer records and report matches.

^fEstimated cost per employee trained includes personnel and third-party costs to conduct and attend compliance training. The number of employees trained may differ from the total number of employees.

Table 122: Estimated Bank Secrecy Act/Anti-Money Laundering Compliance Costs, by Type of Cost, for Very Large Bank B, 2018

Type of costs	Estimated cost (dollars)^a	Percentage of total cost
Customer due diligence requirements^b	6,000,000	42
Reporting requirements	4,000,000	26
Suspicious activity reporting	3,000,000	22
Currency transaction reporting and exemptions	600,000	4
Report of International Transportation of Currency or Monetary Instruments	—	—

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Type of costs	Estimated cost (dollars) ^a	Percentage of total cost
Report of Foreign Bank and Financial Accounts	—	—
Compliance program requirements^c	1,000,000	8
Internal controls	200,000	1
Independent testing	600,000	4
Training	400,000	3
Other requirements	16,000	<1
Information sharing	2,000	<1
Funds transfer recordkeeping	—	—
Monetary instrument recordkeeping	14,000	<1
Special measures	100	<1
Software and other third parties	4,000,000	25
Software	3,400,000	23
Other third parties	300,000	2
Total cost	15,000,000	100

Legend: — = no cost; < = less than

Source: GAO analysis of data provided by selected bank. | GAO-20-574

^aCosts may not sum to equal the totals due to rounding. Estimated costs for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements include directly related personnel and third-party costs. We report third-party vendors that were associated with multiple requirements, such as compliance consultants, as other third parties. We also report all BSA/AML software costs separately because banks and credit unions we reviewed commonly used the same software to meet multiple requirements. However, they often reported using software to meet the customer due diligence and suspicious activity reporting requirements. As a result, the actual cost to meet these and other requirements may have been somewhat greater than the amount listed above.

^bThere are four core customer due diligence requirements: (1) customer identification and verification (known as the customer identification program), (2) beneficial ownership identification and verification (for legal entities), (3) understanding the nature and purpose of customer relationships to develop a customer risk profile, and (4) ongoing monitoring for suspicious transactions and updating customer information on a risk basis. We also asked banks to include costs for additional due diligence for higher risk customers, including for foreign correspondent accounts and private accounts for certain non-U.S. persons.

^cWe do not separately report a cost for designating a BSA/AML officer—one of the four minimum requirements of a compliance program—because we generally captured their direct costs in our estimates for other BSA/AML requirements. The compliance program must also describe risk-based procedures for complying with the customer identification program, customer due diligence, and beneficial ownership for legal entity customers requirements. However, we included the costs for conducting these procedures under the customer due diligence requirements.

Appendix IV: Summary of Results from Prior Studies of Bank Secrecy Act and Anti-Money Laundering Compliance Costs, 2016–2018

We reviewed seven studies published by government and industry organizations from 2016 through 2018 that estimated compliance costs for Bank Secrecy Act (BSA) and anti-money laundering (AML) requirements for banks, credit unions, and other financial institutions. Estimated costs varied widely and are not comparable because of differences in the types and sizes of financial institutions studied (e.g., small banks versus large insurance firms) and how the authors measured costs (e.g., some included technology costs while others only captured personnel costs). We do not generalize their results to financial institutions outside the studies due to their generally small sample sizes. The key findings from these studies are as follows:

- A 2018 survey by the Bank Policy Institute of 14 U.S. banks found that those with \$500 billion or more in total assets reported spending \$600 million annually for BSA/AML compliance, at the median.¹ By comparison, those with \$50 billion to \$200 billion in total assets—the smallest banks studied—reported spending a median of about \$24.8 million annually for BSA/AML compliance.
- A 2018 survey by the consultancy LexisNexis Risk Solutions of 152 U.S. banks and financial institutions (investment, asset management, and insurance firms) found that those with \$10 billion or more in total assets spent, on average, about \$14.1 million annually for BSA/AML compliance.² By comparison, smaller banks and financial institutions with less than \$10 billion in total assets spent about \$1.2 million, on average. However, the estimated costs translated to a range of 0.06 to 0.83 percent of total assets among the smaller banks and financial institutions and 0.01 to 0.08 percent of total assets among the largest.
- A 2017 survey by RSM (an audit, tax, and consulting firm) of U.S. banks found that 51 smaller banks (\$50 million to \$1 billion in total assets) reported spending a median of \$50,000 annually for BSA/AML compliance, as compared to a median of \$250,000 among 11 larger banks (\$10 billion to \$20 billion in total assets).³

¹Bank Policy Institute, *Getting to Effectiveness: Report on U.S. Financial Institution Resources Devoted to BSA/AML & Sanctions Compliance* (Oct. 29, 2018). Estimated costs included department personnel, technology, third parties, and other business expenses and excludes costs associated with sanctions, fraud, and lines of business.

²LexisNexis Risk Solutions, *True Cost of AML Compliance: Unites States “Snapshot”* (October 2018). According to the study, estimated costs included personnel, technology, and other business expenses, including sanctions screening.

³RSM, *RSM Anti-Money Laundering Survey* (2017).

- A 2017 survey by Refinitiv (a financial industry technology solutions vendor) found that 139 globally active U.S. banks and financial institutions (hedge funds, broker-dealers, and asset management and insurance firms) that averaged about \$16 billion in annual revenue estimated that they each spent about \$93 million annually to comply with know-your-customer and customer due diligence requirements—\$54 million of which was to onboard new customers, on average.⁴
- A 2017 survey by the Conference of State Bank Supervisors and Board of Governors of the Federal Reserve System of 611 community banks found that the BSA/AML requirements were the most costly set of regulations studied and accounted for about 22 percent of total compliance costs among respondents—or about \$1.2 billion of the \$5.4 billion in compliance costs incurred by all community banks nationally.⁵
- A 2016 study by The Heritage Foundation examined the aggregate cost of 13 BSA/AML requirements for a variety of U.S. financial institutions based on time burden estimates by the Office of Management and Budget.⁶ Assuming a labor cost of \$62 per hour, the authors estimated that the requirements imposed an annual direct cost of about \$1.5 billion across the financial institutions studied. The authors estimated an additional indirect cost of \$3.2 billion to \$6.4 billion annually for implementation and training associated with the requirements, assuming that 10 to 20 percent of compliance officers

⁴Refinitiv, *KYC Compliance: The Rising Challenge for Financial Institutions* (2017).

⁵Conference of State Bank Supervisors and Board of Governors of the Federal Reserve System, *Community Banking in the 21st Century* (Oct. 4, 2017). The authors defined community banks as having less than \$10 billion in total assets.

⁶The Heritage Foundation, *Financial Privacy in a Free Society* (Washington, D.C.: Sept. 23, 2016). The authors included the following 13 requirements in their cost estimates: (1) Financial Crimes Enforcement Network (FinCEN) suspicious activity reports; (2) FinCEN currency transaction reports; (3) customer due diligence requirements for financial institutions; (4) special information-sharing procedures to deter money laundering and terrorist activity; (5) customer identification program for futures commission merchants and introducing brokers; (6) currency and monetary instrument reports; (7) AML program for dealers in precious metals, precious stones, or jewels; (8) customer identification program for banks, savings associations, credit unions, and certain non-federally regulated banks; (9) mutual funds customer identification program; (10) broker-dealers customer identification program; (11) AML programs for insurance companies and nonbank residential mortgage lenders and originators; (12) AML programs for money services business, mutual funds, operators of credit card systems, and providers of prepaid access; and (13) registration of money services business.

Appendix IV: Summary of Results from Prior Studies of Bank Secrecy Act and Anti-Money Laundering Compliance Costs, 2016–2018

(257,000 as of May 2015) fulfill full-time BSA/AML compliance functions.

- Findings from a 2016 survey by Cornerstone Advisors commissioned by the Credit Union National Association suggest that annual personnel costs for BSA/AML compliance were about \$78,000 (or 0.03 percent of total assets), at the median, among 53 U.S. credit unions with total assets ranging from about \$15 million to \$6 billion (\$293 million at the median).⁷

⁷Cornerstone Advisors, *Regulatory Financial Impact Study: Report of Findings* (February 2016). The authors examined costs for a variety of regulatory requirements, including BSA/AML. We estimated BSA/AML compliance costs using the median total assets among surveyed credit unions (\$293 million) and the study's findings that regulatory personnel costs were 0.35 percent of total assets, 19 percent of regulatory personnel costs were risk management personnel costs, and 40 percent of risk management personnel costs were BSA/AML compliance costs.

Appendix V: No-Action Letter Procedures

Some stakeholders, including Members of Congress, have proposed that the Financial Crimes Enforcement Network (FinCEN) adopt procedures to issue interpretations of the Bank Secrecy Act (BSA) and its regulations that are similar to the procedures the Securities and Exchange Commission (SEC) uses to issue no-action letters.¹ SEC's no-action letter procedures allow a party who is not certain whether a particular product, service, or action would constitute a violation of the federal securities law to request a no-action letter from SEC staff. If SEC staff grant the request for no action, they generally issue the party a letter concluding that the staff would not recommend that the SEC commission take enforcement action against the party based on the facts and representations described in the party's request.

Similar to SEC, FinCEN has adopted procedures under which it may issue administrative rulings to interpret BSA regulations either unilaterally or in response to a request.² Under these procedures, financial institutions may submit a written request asking FinCEN to answer legal questions. For example, a party asked FinCEN for a ruling on whether its client falls within the definition of a money services business under BSA regulations and, if so, for regulatory relief from the regulations applicable to money services businesses.³ Table 123 presents some of the similarities and differences between FinCEN's administrative rulings and SEC's no-action letters. One important difference is that FinCEN's administrative rulings can be binding on FinCEN and have precedential value, while SEC no-actions letters are not precedents binding on the SEC commission.

¹For example, a bill introduced in the 115th Congress included a provision that would have directed the Director of FinCEN to issue regulations to establish a process for the issuance of a no-action letter by FinCEN in response to an inquiry from a person or group of persons concerning the application of BSA and related laws and regulations. See H.R. 6068, § 5, 115th Cong. (2018).

²See 31 C.F.R. §§ 1010.710-717.

³Department of the Treasury, Financial Crimes Enforcement Network, Whether a Person That is Engaged in the Business of Foreign Exchange Risk Management is a Currency Dealer or Exchanger or Money Transmitter, Ruling, FIN-2008-R003 (Mar. 18, 2008).

Appendix V: No-Action Letter Procedures

Table 123: Comparison of the Financial Crimes Enforcement Network’s (FinCEN) Administrative Rulings and the Securities and Exchange Commission’s (SEC) No-Action Letters

Attribute	FinCEN administrative rulings	SEC no-action letters
General purpose	Published letter rulings often express an opinion about a new issue; apply an established theory or analysis to a set of facts that differs materially from facts or circumstances that have been previously considered; or provide a new interpretation of Title 31 of the United States Code, or any other statute granting FinCEN authority. Administrative rulings bind FinCEN only in the event that the request describes a specifically identified actual situation. Such rulings have precedential value if FinCEN makes them publicly available.	Most no-action letters describe the request, analyze the particular facts and circumstances involved, discuss applicable laws and rules, and, if the staff grants the request, conclude that the SEC staff would not recommend that the SEC commission take enforcement action against the requester based on the facts and representations described in the request. No-action letters are not regarded as precedents binding on the SEC commission.
Reliance on letter by third parties	Publication of administrative rulings that FinCEN has issued to specific parties on its public website indicates that the ruling is a regulatory interpretation valid for any situation that fits the description of the facts and circumstances as contained in the ruling.	In some cases, SEC staff may permit parties other than the requester to rely on the no-action relief to the extent that the third party’s facts and circumstances are substantially similar to those described in the underlying request.
Procedure for making request	Request must be in writing and should include <ul style="list-style-type: none"> • a complete description of the situation for which the ruling is requested, • a complete statement of all material facts related to the subject transaction, • a concise and unambiguous question to be answered, and • a statement justifying why the particular situation described warrants the issuance of a ruling if the subject situation is hypothetical. 	Request must be in writing and should include <ul style="list-style-type: none"> • the particular situation involving the problem at hand but not every possible type of situation that may arise in the future, • all of the facts necessary to reach a conclusion in the matter in a concise and to-the-point manner, and • an indication of why the requester thinks a problem exists and the requester’s own opinion in the matter and the basis for such opinion.

Source: GAO analysis of 31 C.F.R. Subpart G, SEC no-action letter procedures, and other relevant materials from Financial Crimes Enforcement Network and the Securities and Exchange Commission. | GAO-20-574

FinCEN has publicly issued many fewer administrative rulings than SEC has issued no-action letters and has taken more time to respond to requests for such rulings. For example, according to our analysis, FinCEN publicly issued 11 administrative rulings in response to requests from 2014 through 2018, and SEC issued over 450 no-action letters during the same period. Moreover, our analysis shows that FinCEN took nearly 300 days, on average, between the time it received and responded to the 11 requests. In comparison, we found that SEC took 14 days, on average, to respond to requests based on a review of a sample of no-action letters issued in 2018.

FinCEN officials told us that most of the agency’s administrative rulings are nonpublic and are made directly to the requesting party. FinCEN

makes an administrative ruling public if the facts and circumstances, issues, and analyses that appear in an administrative ruling are of general interest to financial institutions. The officials said that issues raised in private administrative rulings will lead FinCEN in some cases to issue new guidance. FinCEN officials told us that the length of time to review a request for an administrative ruling depends on a number of factors, such as the amount of documentation submitted with the request and the extent of the iterative process to understand and resolve the issue. In addition, the officials said that the administrative ruling process involves extensive internal review and clearance before a ruling is issued. FinCEN officials told us that they are not aware that the Department of the Treasury or FinCEN has a position on proposals for FinCEN to adopt a no-action letter procedure.

Of the six industry associations that we interviewed, three support FinCEN's adopting no-action-letter procedures, and three had no position. For example:

- One association supports no-action letters because of the length of times it takes FinCEN to issue administrative rulings. In the association's view, other than the timing and availability of the information, the two mechanisms are fairly similar.
- One association's members generally have not used administrative rulings and indicated that they would not use no-action letters, in part because they use FinCEN's regulatory helpline.⁴
- One association that did not have a position said that it is hard to know whether no-action letters would be more efficient than FinCEN's administrative rulings.

In addition to administrative rulings, FinCEN also issues informal interpretive regulatory guidance, including written responses to informal inquiries on the application of BSA regulations not made and submitted to FinCEN consistent with the administrative ruling procedures. According to FinCEN, if FinCEN publishes such responses on its public website under the heading "Guidance," FinCEN will afford such responses a persuasive precedential effect. FinCEN officials told us that they rarely receive information inquiries and their understanding is that FinCEN has not

⁴FinCEN operates a regulatory helpline to provide assistance to financial institutions that have compliance questions.

Appendix V: No-Action Letter Procedures

received and responded to any such inquiries through its public website since January 2014.

Appendix VI: Financial Crimes Enforcement Network and Examinations of Banks for Compliance with the Bank Secrecy Act

Some Members of Congress and industry stakeholders have proposed that the Financial Crimes Enforcement Network (FinCEN) consider taking full responsibility for examining large banks and other financial institutions for compliance with the Bank Secrecy Act /anti-money laundering (BSA/AML) authorities and requirements, in part to create a centralized examination team that could work cooperatively with law enforcement agencies. FinCEN has delegated its authority to examine banks for compliance with the BSA to the federal banking agencies.¹ Under their statutes, federal banking agencies are required to include a review of BSA compliance procedures in each examination of their respective supervised institutions.²

FinCEN officials told us that the agency has 17 full-time equivalent staff and contractors who work part-time on BSA examinations. If FinCEN were to take responsibility for examining large, internationally active banks (which include the top currency transaction report and suspicious activity report filers), our analysis shows that FinCEN would need more resources. For example, we estimate that FinCEN could need from 29 to 37 full-time staff to examine the bank subsidiaries of 12 large, internationally active bank holding companies, based on data provided by the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System (Federal Reserve), and the Office of the Comptroller of the Currency (OCC).³ In addition to staff costs, we estimate that FinCEN could incur technology, training, travel, and other costs to conduct on-site BSA/AML examinations at these banks.

According to FinCEN officials, FinCEN compliance staff generally do not examine banks and, thus, have limited experience conducting such examinations. To develop the needed expertise, we identified the possible option of FinCEN recruiting federal bank examiners, particularly

¹The federal banking agencies are the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, and Office of the Comptroller of the Currency.

²12 U.S.C. §§ 1818(s), 1786(q).

³As a proxy for large, internationally active banks, we selected U.S. bank holding companies whose banks were subject to the advanced approaches risk-based capital rule during our review. Such bank holding companies generally have at least \$250 billion in total assets or at least \$10 billion in total on-balance-sheet foreign exposure.

BSA/AML specialists, but we found that FinCEN could face obstacles. For example, federal banking agencies have a higher pay scale than FinCEN.

FinCEN officials told us that FinCEN wants to conduct risk-based examinations when they make sense and in coordination with the appropriate federal banking agency. Federal banking agency officials generally told us that shifting BSA examinations to FinCEN could decrease the effectiveness of their safety and soundness examinations.⁴ Federal banking agencies' examinations include procedures to assess whether a bank has sound risk-management processes and strong internal controls. In that regard, the officials said that excluding BSA/AML compliance from the scope of their examinations could provide them with an incomplete picture of a bank's overall compliance program and risks. For example, OCC officials said the change could affect their ability to identify weaknesses in other areas, such as corporate governance, internal controls, and auditing. Federal Reserve officials also said that having FinCEN conduct BSA/AML compliance examinations would create duplicative work because examiners from two different agencies would be reviewing some of a bank's same risk management processes and internal controls.

While some industry stakeholders have raised questions about BSA examination consistency, the federal banking agencies told us that they have continued to take steps to increase examination consistency.⁵ For example, in collaboration with FinCEN, the agencies updated several sections of the Federal Financial Institutions Examination Council's BSA/AML examination manual in April 2020. According to the agencies, the updates are designed to emphasize and enhance the agencies' risk-

⁴Federal banking agencies conduct reviews of BSA compliance as part of their safety and soundness examinations or as targeted examinations focused on BSA compliance. Safety and soundness examinations are periodic on-site examinations conducted to assess a bank's financial condition; policies and procedures; and adherence to laws and regulations, such as the BSA.

⁵In the Economic Growth and Regulatory Paperwork Reduction Act report issued in 2017, FDIC, the Federal Reserve, and OCC stated that they support efforts to increase BSA examination consistency across the agencies through enhanced examiner training. In that regard, they have established common training policies for examiners, maintained an interagency BSA/AML examination manual, and issued an interagency statement setting forth the policy for enforcing specific AML requirements for greater consistency in enforcement decisions on BSA matters. See Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and National Credit Union Administration, *Joint Report to Congress: Economic Growth and Regulatory Paperwork Reduction Act* (Washington, D.C.: March 2017).

**Appendix VI: Financial Crimes Enforcement
Network and Examinations of Banks for
Compliance with the Bank Secrecy Act**

focused approach to BSA/AML supervision and distinguish between mandatory regulatory requirements and supervisory expectations set forth in guidance. The agencies also noted that they are continuing to review and revise the remaining sections of the manual. Similarly, the banking agencies and FinCEN jointly issued a statement in July 2019 to emphasize their risk-focused approach to BSA examinations.⁶ The statement outlines common practices for assessing a bank's money laundering/terrorist financing risk profile, which assists examiners in scoping and planning the examination, and initially evaluating the adequacy of the BSA/AML compliance program.

⁶Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Financial Crimes Enforcement Network, National Credit Union Administration, Office of the Comptroller of the Currency, *Joint Statement on Risk-Focused Bank Secrecy Act/Anti-Money Laundering Supervision* (July 22, 2019).

Appendix VII: Comments from the Financial Crimes Enforcement Network



Financial Crimes Enforcement Network
U.S. Department of the Treasury

Office of the Director

Washington, D.C. 20220

August 27, 2020

Michael Clements
Director
Financial Markets and Community Investment
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Clements:

Thank you for providing the Financial Crimes Enforcement Network (FinCEN) the opportunity to review the Government Accountability Office (GAO) report, “Anti-Money Laundering: Opportunities Exist to Increase Law Enforcement Use of Bank Secrecy Act Reports, and Banks’ Costs to Comply with the Act Varied” (GAO-20-574). FinCEN supports your report’s conclusion regarding improving the promotion of the value of law enforcement access to Bank Secrecy Act (BSA) reporting. We agree that law enforcement agencies can and should use BSA reports to a greater extent, and we concur with the report’s recommendation that FinCEN can assist with promoting such use. FinCEN believes the most effective and collaborative way to achieve this outcome is to work with state coordinators to engage the state and local agencies within their respective jurisdictions to achieve this goal.

We disagree with the conclusion that FinCEN currently lacks policies and procedures designed to promote greater law enforcement access to BSA reporting. FinCEN currently undertakes numerous initiatives to promote access and awareness of BSA reporting throughout the law enforcement community. FinCEN provides extensive support to federal, state, and local law enforcement agencies both bilaterally to individual agencies and through numerous task forces, fusion centers, and SAR review teams, whose reach often extends to agencies that do not otherwise have direct access to BSA data. FinCEN also provides significant, sustained support to, and continuous engagement with, state coordinators. State coordinators’ duties include the responsibility to provide BSA data access to agencies that do not have direct access as well as to promote BSA access and use to the state and local agencies in their respective jurisdictions. Through the annual FinCEN Director’s Law Enforcement Awards Program, FinCEN publicly recognizes significant criminal investigations in which BSA reporting was critical to prosecutorial success. Finally, FinCEN leadership and staff engage publicly through numerous speaking events each year, reaching a diverse range of audiences to promote and publicize FinCEN’s mission and the value of the data we collect. FinCEN agrees that we can make efforts to develop and implement additional processes and procedures for promoting law enforcement access to BSA data, and we are always open to additional suggestions for improvement.

www.fincen.gov

**Appendix VII: Comments from the Financial
Crimes Enforcement Network**

FinCEN Comments Letter to Mr. Michael Clements

Page 2

It is also FinCEN's strong position that any recommendation for broader access to BSA reporting be balanced against security considerations, to include the controls on access to BSA data, the monitoring of such usage, and the adequacy of resources needed for FinCEN to appropriately and sufficiently implement these measures. As a threshold matter, BSA reporting contains sensitive information relating to financial activity conducted at financial institutions subject to the BSA. FinCEN has limited resources available for responsibly safeguarding this information, but it is critical that we adequately administer the controls needed to maintain and monitor authorized access and usage of BSA data. As the GAO notes in this report, to achieve this balance, FinCEN uses consistent criteria to assess an agency's request for direct access to BSA data. A significant step in FinCEN's process is to evaluate whether the extent of the requesting agency's stated need is commensurate with the additional resource burden on FinCEN for providing that agency with direct access to BSA data, particularly where access is already available through a state coordinator. The criteria assessed include the requesting agency's staffing levels, historical usage of the state coordinator system to access and use BSA data, and anticipated usage of BSA data. If the extent of the need does not rise to a level warranting direct access, FinCEN will generally decline the request and work with the requesting agency to obtain BSA data access through the state coordinator system. FinCEN may conduct a reassessment of an agency's request should circumstances change.

FinCEN thanks GAO for its work, and we reiterate our support for the recommendation that we can help promote the appropriate and broader use of BSA reporting by law enforcement, particularly by those agencies that do not have direct access. We are pleased to report that FinCEN has already identified ways to advance this goal.

Sincerely,

Kenneth A. Blanco
Director

Appendix VIII: Comments from the National Credit Union Administration



National Credit Union Administration
Office of the Executive Director

August 19, 2020

SENT BY E-MAIL

Mike Clements, Director
Financial Market and Community Investment
441 G Street, NW
Washington, DC 20548
ClementsM@gao.gov

Dear Mr. Clements:

We reviewed your draft report entitled “*ANTI-MONEY LAUNDERING: Opportunities Exist to Increase Law Enforcement Use of Bank Secrecy Act Reports, and Banks’ Costs to Comply with the Act Varied*”. The report includes reviews of FinCEN’s BSA database access and usage as well as BSA compliance costs.

The report indicates that FinCEN grants federal agencies direct access to its BSA database, but noted that relatively few local law enforcement agencies are accessing the BSA reports from the database. The report recommends that FinCEN develop and implement policies to promote the increased use of the BSA reports by law enforcement agencies that do not have direct access to the database.

The report makes no recommendations or observations related to NCUA or the credit union system. We offer no additional comments on the report at this time.

Thank you for the opportunity to comment on the draft report.

Sincerely,

LARRY FAZIO
Digitally signed by LARRY
FAZIO
Date: 2020.08.18 16:40:25
-04'00'

Larry Fazio
Executive Director

1775 Duke Street – Alexandria, VA 22314-3428 – 703-518-6300

Appendix IX: GAO Contact and Staff Acknowledgments

GAO Contact

Michael E. Clements at (202) 512-8678, or clementsm@gao.gov

Staff Acknowledgments

In addition to the contact named above, Rich Tsuhara (Assistant Director), Patricia MacWilliams (Analyst in Charge), Mariel Alper, Vida Awumey, Tangere Hoagland, Brandon Kruse, Namita Bhatia Sabharwal, Jennifer Schwartz, Jena Sinkfield, Tyler Spunaugle, Farrah Stone, and Khristi Wilkins made key contributions to this report.

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