

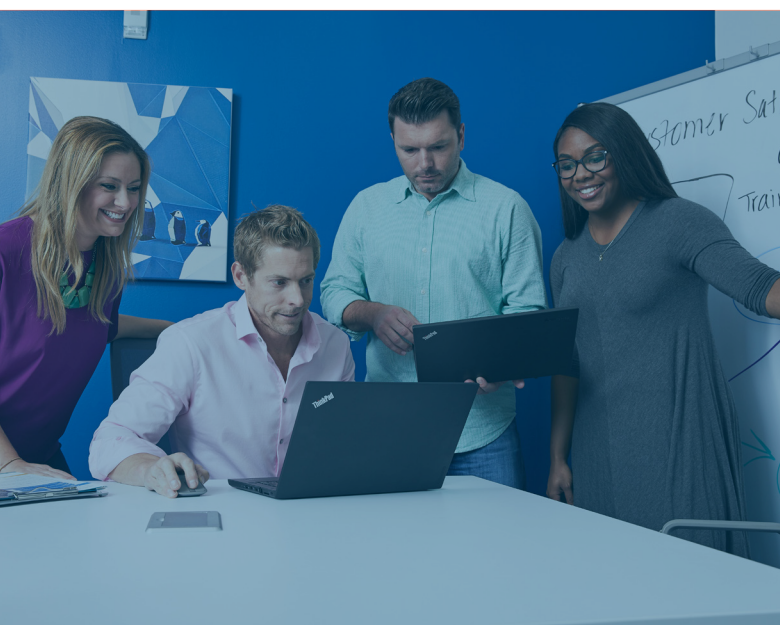
A Practical Guide to Beneficial Ownership

Things you need to think about to stay in compliance.



The new CDD rule is officially in effect and now considered the fifth pillar of BSA. It is no longer a question of if an institution needs to collect beneficial ownership information, but are they collecting it in a way that keeps it in compliance?

Here is a short list of items institutions should take into consideration to ensure their beneficial ownership information is keeping them in compliance. It is not a comprehensive list by any means. We have broken it down into some critical items and (just for the fun of it), some other valuable tasks that you may not have thought through yet. Here are six of the important items that you need to address:



DEVELOP YOUR PROCESS

Do your homework and involve other departments.

Research and understand what needs to happen inside of your institution to comply with the new requirements. Work with the other departments to determine the process for how your institution will identify and verify the beneficial ownership information.

CHOOSE A SOLUTION

Evaluate current system capabilities.

After you determined a process make sure that you have the right systems in place to carry it out. Determine if

you need programming that is not offered by your core or new account platform to accommodate the new beneficial ownership requirement.

REVISE POLICIES AND PROCEDURES

Revamp and document the current compliance manual.

New written procedures should be developed for front line staff and compliance staff to make sure that Beneficial Ownership information is being collected and tracked throughout the institution.

TRAIN THE STAFF

Create a training program.

Deliver training on new CDD rule for front line staff and compliance staff. Educate on the importance - also think about who else needs this training.

CREATE NEW FORMS

Consider going digital.

New forms will need to be developed to collect the required information. Make sure your forms are designed in a way that enhances your customer experience during this process.

MODIFY RISK ASSESSMENT

Revise and certify.

Revise enterprise-wide risk assessment and certify with board approval.

Beneficial Ownership touches any process that supports your customer or member base. As the new fifth pillar of BSA, institutions need to ensure they are in compliance with the new rule. Here are eight things involving the implementation of beneficial ownership to consider:

01 REVISE BSA POLICY DOCUMENTATION

A new written policy should be incorporated into the BSA policy and approved by the board.

02 COLLABORATE INTERNALLY

Have you considered all divisions of your institution, such as your loan and mortgage divisions, insurance, Trust division? If no, consider how this regulation would affect their operations.

03 COMMUNICATE WITH YOUR CORE

Discuss with your core system what they are doing to handle data aspects of this regulation. It will help you determine your process and how much of it you can automate.

04 LOOK AT SIGNATURE CARDS

Make sure reviewing signature cards is part of your process and consider what changes will need to be made to keep your signature cards compliant.

05 AMEND YOUR CUSTOMER DISCLOSURE

Review and edit your customer disclosure to accurately reflect your new customer due diligence process.

06 ANALYZE YOUR RISK RATING PROCESS

Review your current risk rating and determine if any procedural changes need to happen.

07 INVOLVE AN AUDITOR

Incorporate your internal or external auditor (or consultant) to remediate any deficiencies.

08 INTEGRATE WITH YOUR AML SOFTWARE

Be sure the beneficial ownership information feeds into your AML software for suspicious activity monitoring.

Remember this is not an exhaustive list, but it should help stimulate the right thinking. We suggest you find a quiet space, sit down, and start building your own list. Start implementing these changes as soon as possible. Beneficial ownership is now an integral part of BSA.

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