SECTION TWO DATA RESULTS AND ANALYSIS

As noted in the Introduction to this report, the theme that emerged in the discussions with all stakeholders was the need for solid data in order to better understand the issues NPOs face in accessing financial services. Until now, there has been no empirical data collected concerning U.S.-based NPOs' problems with banking services. Previous studies have called for a representative survey to provide an unbiased assessment of the extent and nature of NPOs' financial access difficulties.[129] Similarly, a number of senior U.S. government officials, some in public statements and others in private interviews, have called for more data "to continue to improve our understanding of the scope, nature, and drivers of the [derisking] problem." This need was echoed by Congressional staff who asked for analytical data going beyond anecdotal examples.

Chapter 4: SURVEY RESULTS AND DATA ANALYSIS

The purpose of this chapter is to present empirical data from the random sample survey undertaken for this study. (The survey methodology is described in Chapter 1.) The survey findings are supplemented with information gathered from relevant stakeholder discussions.

Researchers wanted to understand specifically the types of NPOs having problems, the programs/services they provide, the possible causes of their banking difficulties and the impact of these obstacles on the NPOs, donors, program beneficiaries, national security and integrity of the financial system. The researchers also sought to understand how NPOs are getting money to these programs when traditional banking services become unavailable or transfers are significantly delayed.

The 305 telephone surveys unearthed a trove of data that sheds new light on the scope, extent and types of banking problems that NPOs regularly face. The problem is far greater in magnitude than previously assumed.

Characteristics of U.S. Nonprofits Operating Abroad

To provide an overview of the organizations upon which this study is based, this section describes the employee size, revenues, expenditures and program activities of U.S. NPOs operating abroad.

129 *Unintended Consequences of Anti-Money Laundering Policies for Poor Countries*, Center for Global Development ("CGD Study"), November 9, 2015, http://www.cgdev.org/publication/unintended-consequences-anti-money-laundering-policies-poor-countries.

There are 8,665 such groups, based on IRS Form 990 Schedule F filings.[130] They range from small, volunteer organizations to major research universities and large hospitals. They provide medical care, education, emergency assistance and refugee resettlement to populations in need. They conduct research and sponsor cultural and educational exchanges. They promote human rights and the rule of law and work to build peace in places experiencing violent conflicts.

While there is a broad array in the size of nonprofits, most are relatively small, as defined by revenues and expenditures. Total revenue of these NPOs ranges from as little as $100 to $2.7 billion, and their expenditures run from zero to $2.2 billion. However, about half of the groups have yearly expenditures of less than $1 million and total revenues of less than $1.5 million, suggesting that volunteer, grassroots organizations account for a large share of the field (see Table 2).

As noted in Chapter 1, the distribution of revenues and expenditures is skewed by a relatively small number of very large institutions, such as colleges, universities and hospitals, which account for 75% of the total revenues. To allow for an assessment of more "traditional charities," therefore, much of the data were analyzed omitting this subgroup of "outliers" (defined by their National Taxonomy of Exempt Entities [NTEE] cluster code[131]). For most queries, the results were not statistically significant; only marginal differences (<2 percentage points) appeared. For this reason, data showing the difference between the entire group of NPOs and the "traditional" charities are presented only when that difference is statistically significant, as in the table below.

While most groups are relatively small, almost half of them (48%) are large enough to operate a branch or field office abroad, and more than a quarter (27%) maintain a foreign bank account. Although there is further discussion of structure and foreign bank accounts in this report, exploration of these issues was beyond the scope of this report but warrants further analysis.

Table 2: Revenues and Expenditures of NPOs

Median Revenues and Expenditures	All NPOs	"Traditional" Charities
Median total revenue (USD)	1,456,700	1,149,600
Median total expenditure (USD)	1,000,700	749,100
Minimums		
Minimum total revenue (USD)	100	100
Minimum total expenditure (USD)	0	0
Maximums		
Maximum total revenue (USD)	2,691,041,000	771,806,000
Maximum total expenditure (USD)	2,200,720,000	427,704,300

130 See Methodology, Chapter 1, for a description of IRS Form 990 Schedule F.

131 The National Taxonomy of Exempt Entities (NTEE) system is used by the IRS and the National Center for Charitable Statistics to classify nonprofit organizations. It divides the universe of nonprofit organizations into 26 major groups under 10 broad categories, such as Education, Health, Human Services and Religion.

Table 3: Program Areas*

Program Areas	Total Organizations (Percent)
Education	77.1
Development/poverty reduction	46.0
Humanitarian relief	45.2
Public health	39.2
Medical services	33.6
Human rights/democracy building	19.7
Peace operations/peacebuilding	14.3
Other	30.7

*Percentages do not total 100 % because survey respondents were allowed to give more than one response

As expected, NPOs work in a variety of program areas (see Table 3), and the vast majority work in more than one area. Seventy-seven percent are engaged in some type of educational work, which can include institutions of higher learning, charities that provide support for childhood education abroad and much more. The high percentage of charities that conduct educational work suggests that charities often undertake educational activities in order to carry out their mission. This crucial activity is frequently overlooked and highlights the need to learn more from NPO leaders about how they characterize their work. As Table 3 shows, almost half of nonprofits (46%)work in programs that address immediate human need such as development and poverty-reduction projects (46%), as well as humanitarian relief (45%). One-fifth work in human rights and democracy promotion.

Thirty-two percent of nonprofits self-identify as faith-based. Unfortunately, the random sample was not large enough to make distinctions between various faiths. For example, only three groups self-identified as Muslim, so it was not possible to determine whether certain problems disproportionately affect particular faith groups.

Financial Access Problems

Two-Thirds of All NPOs Encounter Financial Access Difficulties

A significant proportion (2/3) of NPOs that conduct international work are experiencing obstacles in accessing financial services. Extrapolating to the total population of NPOs, *at least 5,875 U.S.-based nonprofits doing work in foreign countries encounter some type of banking difficulty in their work.*

Over 15% of NPOs encounter these financial problems constantly or regularly, with another 31% reporting occasional problems (see Table 4).

Figure 5: Scope of NPO Financial Access Problems

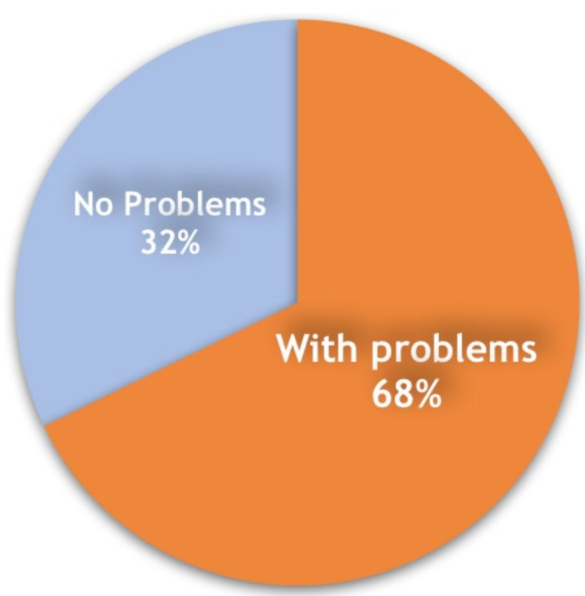


Table 4: Frequency of Financial Access Problems*

Frequency of Financial Access Problems	Total Organizations (Percent)	Total Organizations likely impacted
Constant	5.4	468
Regular	9.7	841
Occasional	31.2	2,703
Rare	21.5	1,863
Never	32.2	2,790
TOTAL	100.0	8,665

*Percentages do not total 100% because survey respondents were allowed to give more than one response.

Fund Transfers Are the Most Common Banking Problem NPOs Face

The two most common problems encountered by NPOs are delayed wire transfers (affecting almost 37% of all NPOs) and increased fees (affecting approximately 33%). One out of every three NPOs has experienced either or both of these problems in attempting to utilize traditional banking channels to send resources to foreign countries.

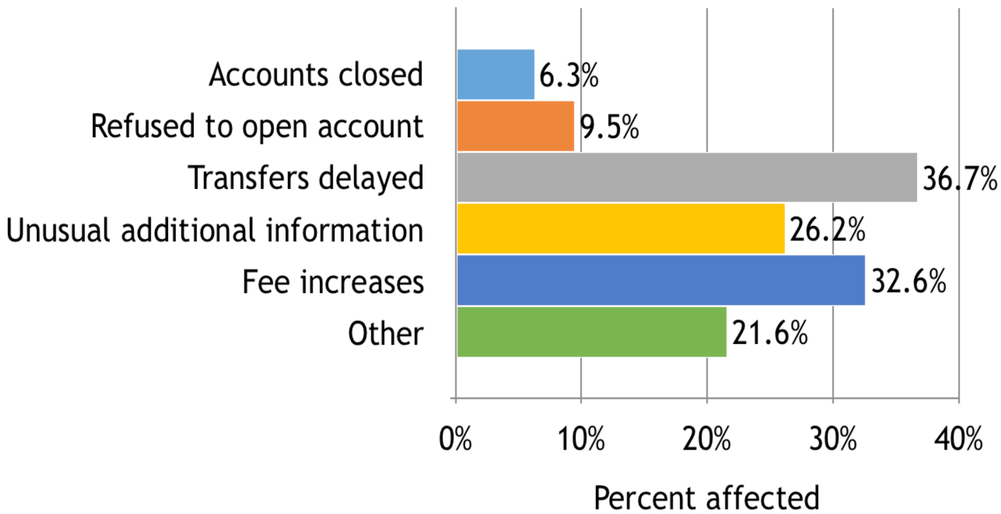
Delays in the transfer of funds lasting days, weeks or even months impact time-sensitive programming. “You can’t wait six weeks for a wire transfer,” explained the director of an NPO. Another focus group participant stated that every one of their wires is questioned, even if it is going to a repeat destination or recipient.

NPOs report that wire requests are sent back with additional questions, but some are returned to the originating bank and denied with no explanation. Wires are sometimes denied because organizations, particularly Muslim charities, are confused with sanctioned persons or groups. “There were two entities with similar names, one of which was on the SDN list” (Specially Designated Nationals list, maintained by the U.S. Treasury Department), explained one charity’s director. “We had maddening conversations trying to prove who we weren’t.”

Many NPOs attribute problems to correspondent banks rather than their own financial institution when wire transfers are held up. One NPO leader noted that intermediate banks do not save the data provided, so they end up asking for the same information with each new transaction. Regulators have suggested that NPOs improve their relationship with their banks in order to facilitate easier transactions, but “a good relationship with a U.S. bank can’t solve problems with intermediaries,” one grantmaker observed.

Problems also occur on the recipient end. Grantees sometimes need to show recipient banks a receipt or other documentation from the originating bank. “Without it, the recipient bank will claim they haven't received the funds," because they were never sent, a participant explained. In some cases, a foundation employee said, the money will be cleared to the recipient account, but after 3 to 6 months, the recipient bank says that the organization has no right to the money or that the organization needs to open a different kind of account. "They return the funds and the foundation attempts to resend it, but that can take an additional three months."

Figure 6: Prevalence of Financial Access Problems*



*Percentages do not total 100 % because survey respondents were allowed to give more than one response.

Additional/Unusual Documentation Requests Create Bottlenecks

Requests for unusual additional documentation can also delay wire transfers as the necessary information is compiled. The excessive nature of some requests means that the needed documents may not be readily available. More than a quarter of NPOs encountered unusual and often duplicative and unexplained documentation requests (see Figure 6), constituting a burden for NPOs. "There's no internal communication within the banks. They request the same information and documentation over and over," explained one charity's director. Others say that lack of clarity about what information is actually required to ensure legal compliance is to blame.

The list of documents requested can be extensive, well beyond information normally supplied. If money is going to a vendor, some FIs will ask for service contracts, receipts, invoices and confirmation that there is no relationship with any sanctioned entity, according to an NPO officer. An NPO treasurer said his organization does not feel like it is dealing with one bank anymore. "Different branches are asking for different information."

NPOs Are Paying Higher Fees for Banking Services

One-third of NPOs report that their costs for financial services are going up. Financial institutions, facing increased compliance expenses, need to recoup these costs and pass them along to the customer. This hinders the ability of NPOs to conduct their work, since most NPOs are small and have limited resources.

Account Closures Are a Smaller Problem with Bigger Impact

Although account closures (reported by 6.3% of NPOs) are less common than transfer delays, they can have an extraordinary impact, affecting approximately 546 nonprofits. Some banks have taken deliberate action to limit business with charities, according to a financial institution manager. The bank indicated its intention to wind down all business with charities due to costs associated with risk management, he explained.

If an NPO has all of its accounts at a single bank, closures can leave a group entirely without banking services. “You have 30 days to move your money” is a daunting message to receive, particularly when no explanation or opportunity to correct perceived problems is offered. “They wouldn’t give a reason,” said one NPO treasurer, adding, “We’d had a relationship with them for more than 20 years. We just got a letter and had to move our money. All of our transactions were with that bank.”

A forced account closure can create shockwaves throughout an organization, regardless of its size, sending personnel frantically searching for new banking services. And once an organization has had an account closed, other banks may be reluctant to accept the NPO as a new customer. “Once you’re flagged, it’s very difficult to find another bank that will be willing to do business with you,” said the director of one charity.

The Prevalence and Types of Problems NPOs Encounter Vary by Program Area

The prevalence of problems encountered by NPOs vary by the types of programs they run. NPOs operating educational programs are by far the most likely to encounter obstacles to financial access (see Table 5). Of all nonprofits experiencing problems, 80% work in education. In addition, approximately half of those with problems are working in development and poverty reduction, humanitarian relief and/or public health.

Table 5: Prevalence of Problems by Program Area*

Program Area	Percent of All Organizations		Percent of "Traditional" Charities	
	Reporting Problems	Not Reporting Problems	Reporting Problems	Not Reporting Problems
Education	80.9	69.5	64.7	35.3
Development/poverty reduction	52.0	31.6	70.8	29.2
Humanitarian relief	49.5	35.1	66.4	33.6
Public health	45.0	27.6	73.8	26.2
Medical services	34.0	33.0	64.6	35.4
Human rights/democracy building	21.5	16.3	68.0	32.0
Peace operations/peacebuilding	16.0	8.6	73.5	26.5
Other	27.9	34.2	56.9	43.1

*Percentages do not total 100% because survey respondents were allowed to give more than one response.

As seen in Table 5, the differences are far more pronounced when looking at "traditional" charities (larger groups or "outliers" omitted). Those NPOs working in peace operations/peacebuilding, public health, development/poverty reduction, human rights/democracy building and humanitarian relief report the greatest percentage of financial access problems. As indicated earlier and seen in Table 6 below, wire transfers are the most common banking issue, along with fee increases, regardless of program area. Some differences in the type of financial access problems encountered are discernable by program area. Peacebuilding organizations are the most likely to incur account closures, new account refusals and wire transfer delays. Groups working in human rights and democracy building are most likely to encounter increased fees.

Table 6: Problem Type by Program Area*

Program Area	Accounts Closed	Refused to Open Account	Transfers Delayed	Unusual Documentation Requests	Fee Increases	Other
Education	7.8	11.3	37.5	28.9	33.2	23.3
Development/poverty reduction	6.5	12.2	41.7	27.3	40.7	26.9
Humanitarian relief	8.8	11.1	46.3	23.5	36.6	22.1
Public health	8.5	11.1	46.6	28.0	39.3	28.3
Medical services	8.9	9.9	38.6	17.8	33.3	17.4
Human rights/democracy building	6.8	11.9	52.5	22.0	43.1	26.8
Peace operations/peacebuilding	11.6	16.3	55.8	25.6	35.7	35.0
Other	7.9	11.8	34.2	31.6	32.0	32.9

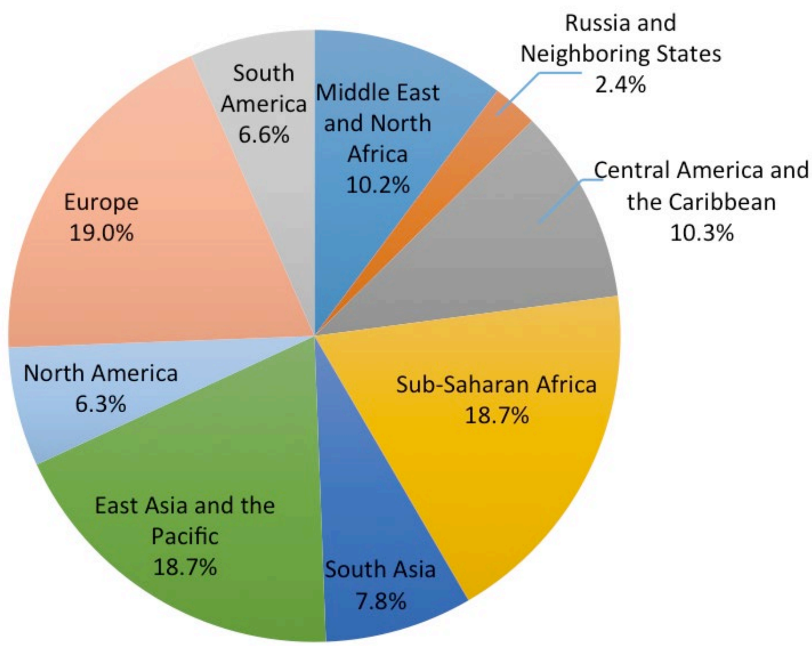
*Percentages do not total 100% because survey respondents were allowed to give more than one response.

Wire Transfers Destined for All Parts of the World Encounter Problems

It might be assumed that NPOs face the greatest difficulties with transfers destined for geographic locations subject to violent conflict. However, focus group participants began to paint a different picture. They noted problems not only in Burma, Egypt, Yemen, Iran and Sudan, for example, but also with wires to Europe. “Problems exist in more countries than not,” said one participant. Another explained, “Certain words in the name of the recipient account holder, such as Crimea or Iran, will trigger a problem, even if the wire recipient is based in Europe.” A Syrian-focused charity explained that the word “Syria” in its name has raised red flags at financial institutions. Even groups providing assistance to Syrian refugees in Turkey or Lebanon have experienced serious delays and questions about their financial transfers.

The survey data underscores the broad geographic impact and reinforces the point that difficulties with wire transfers are global (see Figure 7). Rather than being confined to conflict zones or geopolitical hotspots, the problem affects transactions to South Asia, Middle East & North Africa (MENA), Sub-Saharan Africa, South America and beyond.

Figure 7:
Affected Fund Transfer Destinations by Region



Survey respondents were asked to identify to which countries their delayed financial transfers were headed. Exhibit 7 shows the distribution of the countries mentioned, by world regions, based on IRS categories of countries. For example, Turkey is listed as part of Europe.[132]

The Americas collectively account for almost one in four countries mentioned (23%). Surprisingly, regions that might be expected to be particularly affected for geopolitical reasons do not dominate the regional breakdown: the Middle East and North Africa account for 10% of all country mentions; South Asia (including Afghanistan and Pakistan among others) for 8%; and Russia and other former members of the Soviet Union (outside of the Baltics) for a mere 2%.

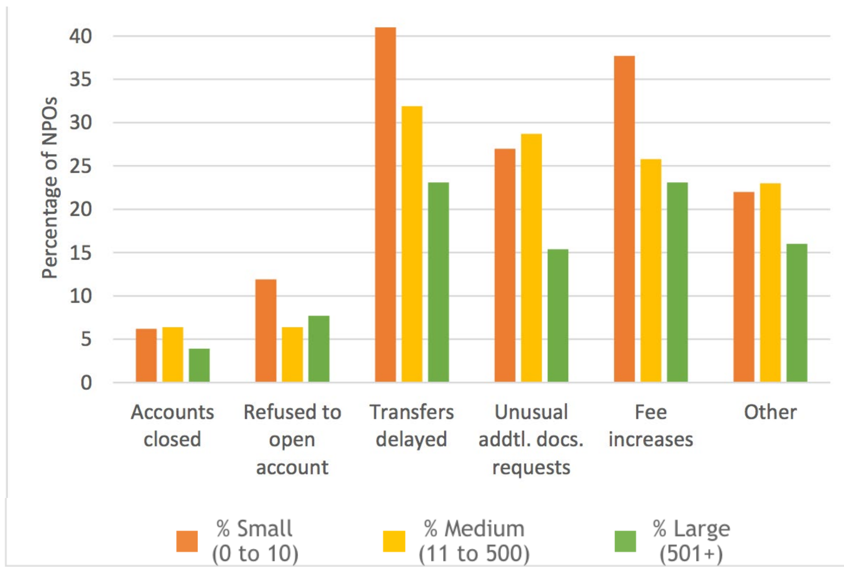
132 Using the regional breakdowns in IRS Form 990 Schedule F, see Appendix C.

Small NPOs Are More Likely to Face Banking Obstacles

When dealing with financial access problems, size matters. This is true whether organizations are characterized by the number of employees, by revenue or by expenditures. In general, organizations with more than 500 employees and those with higher revenues and expenditures are less likely to suffer from all types of banking problems than those organizations with fewer than 500 employees or lower revenues and expenditures (see Figure 8).

In this context, it is important to remember that most charities are small—half of them operate with less than $1.5 million in revenues and less than $1 million in expenditures. NPOs with 500 or fewer staff members are more likely to encounter delayed wire transfers, fee increases, account closures and unusual documentation requests. Most significantly, smaller organizations are almost twice as likely to receive unusual additional documentation requests. The smallest NPOs (those with 10 or fewer employees) are having the most trouble opening accounts. Size matters not only because banks might respond more positively to larger organizations but also because small NPOs have fewer resources and staff to deal with these issues. Representatives of large NPOs likewise have characterized the obstacles they face as significant; the larger NPOs that experience problems are similarly hamstrung as smaller charities.

Figure 8: Prevalence of Problem by NPO Size*

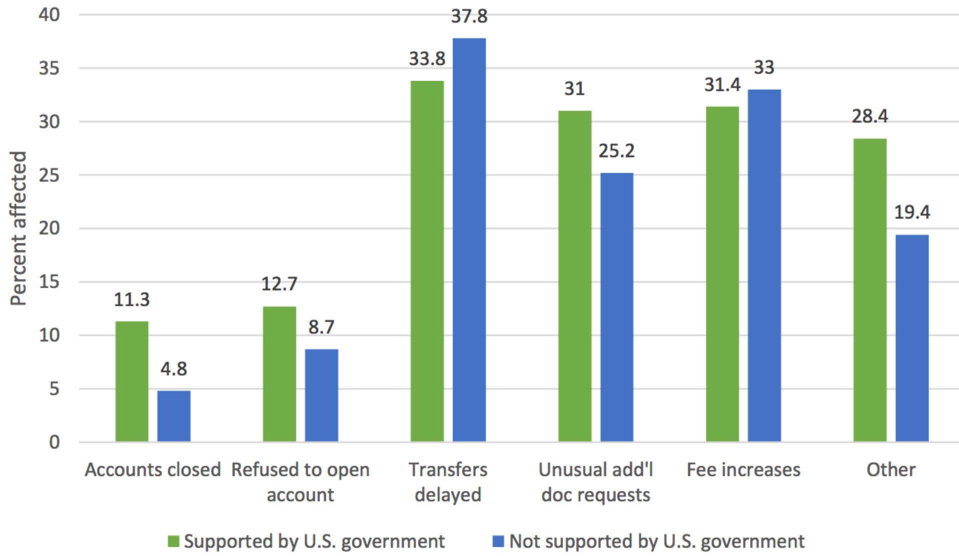


*Percentages do not total 100% because survey respondents were allowed to give more than one response.

NPOs with Government Funding Are More Likely to Encounter Banking Problems

A significant portion of U.S. international assistance is administered and delivered through NPOs. While some might assume that NPOs administering U.S. government-funded projects internationally would have less difficulty with financial transfers since they undergo extensive due-diligence checks, this is not the case. In fact, the data illustrate that these nonprofits actually have greater difficulty with account closures and refusals to open accounts, as well as documentation requests, than those without such support (see Figure 9). One NPO representative informed his FI that they receive USAID money, but the bank responded, “I don’t care. I worry about the regulators.” He added, “One wing of U.S. government is giving us money and another wing says, ‘You might be funding terrorism.’”

Figure 9: U.S. Government Funding by Problem Type *



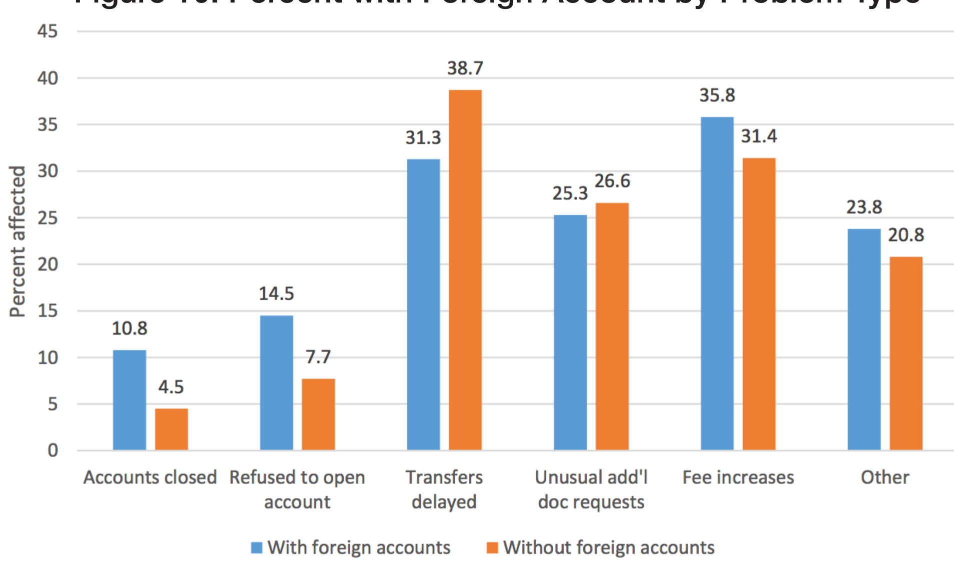
*Percentages do not total 100% because survey respondents were allowed to give more than one response.

These numbers should be of concern to U.S. government agencies funding NPOs to carry out government projects in foreign countries. U.S. assistance funds are having difficulty reaching the intended recipients, and, as discussed later in this chapter, some are slipping out of traditional banking channels. How government funding is related to financial access issues for NPOs is important to explore further.

NPOs with Foreign Bank Accounts Are More Likely to Encounter Banking Challenges

Maintaining a foreign bank account is related to the financial problems that NPOs experience (see Figure 10).

Figure 10: Percent with Foreign Account by Problem Type*



*Percentages do not total 100% because survey respondents were allowed to give more than one response.

Having a foreign bank account seems to be related to greater difficulty with opening and maintaining bank accounts in the U.S. Such NPOs report account closures and refusals to open new accounts domestically at twice the rate of NPOs without foreign accounts. They also report fee increases at a higher rate (36% versus 31%). On the other hand, their wire transfers are less frequently delayed. While almost one-third (31%) of NPOs with foreign accounts report difficulties wiring money internationally, 39% of NPOs without such accounts report the same problem.

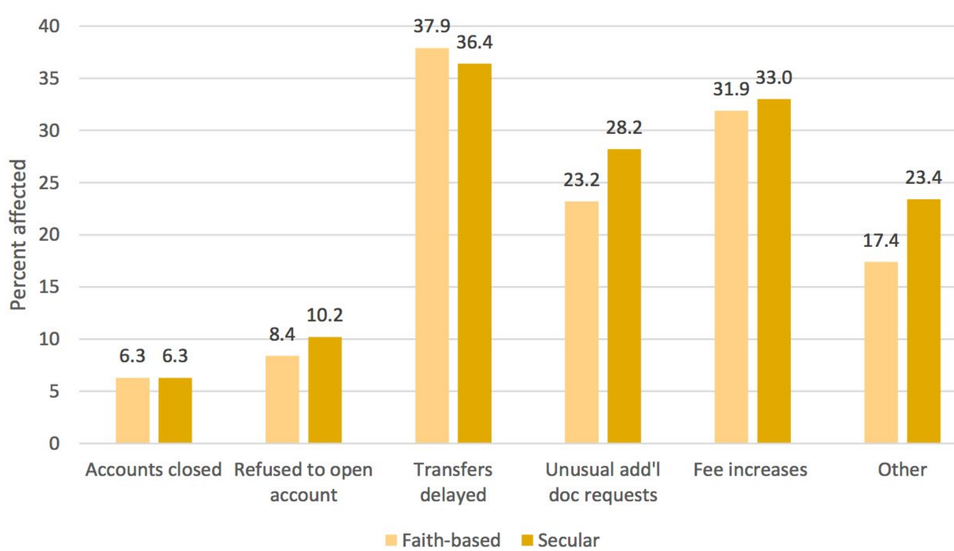
The survey also examined whether banking problems are related to NPOs sending money to their own or another organization's field office, a local community organization or a government office or agency. The data do not show a clear pattern as to whether the intended recipient or beneficiary of the foreign financial transaction triggers particular banking problems. Account closures, new account refusals and unusual documentation requests are equally likely to occur, regardless of the intended recipient. Groups sending money to their own field offices abroad experience problems at rates slightly higher than the average for all destinations, despite the fact that the recipient is a known entity. At the same time, groups transferring money to field offices of other charities see a slightly higher incidence of delayed transfers (45% versus 38%). Transfers are most commonly delayed when the intended recipient is a local community organization (49.6% of transfers to these groups are delayed).

Faith-Based and Secular Organizations Are Equally Impacted

While certain characteristics of NPOs, such as the organization's size, do impact a group's ability to access banking services, other characteristics do not. One of the questions at the outset of this study was whether faith-based organizations, particularly those that self-identify as Muslim, face greater obstacles than secular groups.

Overall, the data show that the likelihood of financial access difficulties is roughly the same between faith-based and secular NPOs (see Figure 11). Where there are differences, it was noted that faith-based organizations have relatively fewer requests for additional documentation than secular groups (23% versus 28%), as well as fewer other demands imposed by financial institutions (17% versus 23%).

Figure 11: Faith-Based or Secular by Problem Type*



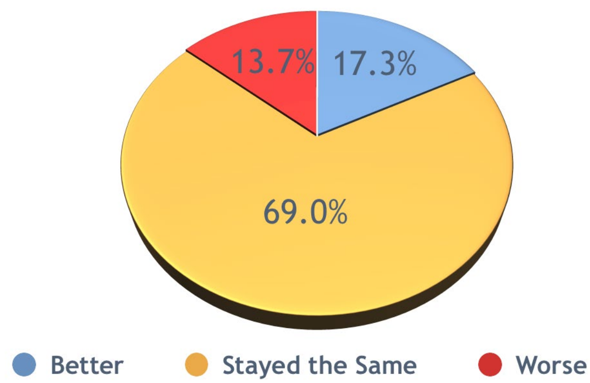
*Percentages do not total 100% because survey respondents were allowed to give more than one response.

An insufficient number of survey respondents self-identified as Muslim charities to analyze them separately. However, anecdotal evidence that Muslim groups are having a particularly difficult time with banking continues to surface. Problems with account closures and refusals to open accounts came up in discussions with Muslim- and Syrian-focused charities more frequently than with other charities. One participant characterized the financial access crisis as “the worst existential threat to Muslim organizations since 9/11.” Given the severe impact that account closures can have on an organization and beneficiaries, even anecdotal indications that Muslim charities are disproportionately impacted is a cause for concern and requires further study.

Financial Access for NPOs Is Not Improving

Although media reports on derisking are more frequent, only recently have they underscored the plight of NPOs in this global phenomenon or the impact it has on the various stakeholders. In reality, NPOs have faced these challenges for some time, and the situation is not improving. When asked about their perception of the change over time of the banking problem for nonprofits, 69% report that the problem has stayed the same, while approximately 14% say it is worse. Only about 17% believe the problem to be improving (see Figure 12).

Figure 12: Perception of Change in Severity



Some say the problem is due to the pervasive view of charities as being “particularly vulnerable” to terrorist abuse, which, despite evidence to the contrary, lingers. “You can’t shake the perception,” explained one financial institution representative.

NPOs Utilize a Variety of Strategies to Cope with Financial Access Problems, Some of Which Put the Safety of Their Staff and the Integrity of the Financial System at Risk

Table 7: Strategies Used to Address Problems*

Strategies	Percent of NPOs Utilizing
Carry cash	41.7
Cancel the program	3.4
Find another financial institution	36.5
Use money remitter (Western Union or similar)	29.4
Perform a transaction successfully later	67.2
Other	24.9

*Percentages do not total 100% because survey respondents were allowed to give more than one response.

Organizations operating in crises cannot simply hit the pause button on programs to address famine-induced starvation or the mass migration of refugees. For the vast majority of NPOs, canceling a program is not an option (see Table 7), and the survey confirmed that: only 3.4% of NPOs do so. Instead, when traditional means of moving money become unavailable, NPOs find workarounds, and the data show that they are utilizing a variety of strategies.

Of significant concern is the data indicating that 42% of NPOs resort to carrying or sending cash when traditional banking channels become unavailable. This tactic entails significant risk for all parties, especially for those operating in conflict zones. There is the physical risk to NPO staff and beneficiaries and the associated liabilities of cash. NPOs are aware of the risks and prefer not to use cash. “We hate it, but the problems made it necessary,” said the director of one NPO. Importantly, this method is contrary to the transparency and traceability objectives of CFT policies.[133]

Most often, NPOs are able to successfully perform a transaction later. While delays may create a ripple effect throughout programs, in these cases the money remains in traditional banking channels. Other NPOs seek out alternative financial institutions (37%) or ways to move money such as MSBs (29%). However, NPO participants indicate that this latter alternative is becoming increasingly difficult as well. “Unless you’re sending smaller amounts, it’s just like any other wire because it goes through SWIFT (Society for Worldwide Interbank Financial Telecommunication) and OFAC (U.S. Treasury’s Office of Foreign Assets Control) reviews,” explained one NPO treasurer.

Some nonprofits are concerned about the potential risks of using MSBs. One NPO representative said, “I’m not comfortable with compliance around MSBs. I have more confidence in the banking system, but we [if they are not available, we] need to work around them.” “This is very risky because it adds an extra layer of vetting, and there’s also the possibility that the individuals will run with the money,” noted an NPO leader.

In most cases, funds ultimately make their way to intended recipients, but delays can cause dire humanitarian consequences. In addition, finding workarounds to banking problems is time-consuming and resource-intensive. It squanders limited NPO resources and diverts money away from programming and its beneficiaries. As one NPO director put it, “The side solutions help in an emergency but cannot be normal routine.”

Impact of Problems

The Impact of Financial Access Problems for NPOs Is Real and Significant

As the data clearly indicate, NPOs are experiencing significant problems in accessing financial services. While the data provide statistical information, it is important to keep in mind that these difficulties have real and harmful effects.

> *The biggest impact is felt by the program beneficiaries: people suffering from starvation, disease and conflict.*

Forty-five percent of all NPOs engage in humanitarian relief work. The problems caused by any type of financial access problem, from delayed wire transfers to account closures, have serious consequences for many program beneficiaries. Among NPOs doing humanitarian aid work, 50% have problems accessing financial services. Their problems occur frequently, with 17% having regular or constant difficulties and 34% having occasional problems.

133 See, e.g., Rob Barry and Rachel Louis Ensign, “Losing Count: U.S. Terror Rules Drive Money Underground,” Wall Street Journal, March 30, 2016, http://www.wsj.com/articles/losing-count-u-s-terror-rules-drive-money-underground-1459349211.

Turn the proportions of NPOs serving populations of various sizes into total numbers of people, and even the smallest estimates of impact (a program serving less than 100 people) are meaningful. For example, when the total population of NPOs (8,665) is considered, all of the humanitarian aid organizations that serve fewer than 100 people each could impact as many as 19,500 total people[134] in need.

However, the impacts are likely much larger. About 2/3 of all nonprofits serve sizeable populations, numbering in the thousands and up. In the area of humanitarian relief, for example, approximately 75% of organizations serve between 1,000 and 10,000 program beneficiaries each (see Table 8).

Table 8: Size of Populations Served, Per Organization, by Program Area

Program Area	Size of Populations Served, Per Organization (Percent)				
	Less than 100	100 to 1,000	1,000 to 10K	More than 10K	Total
Education	8.3	29.0	31.6	31.1	100.0
Development/poverty reduction	4.2	18.3	37.5	40.0	100.0
Humanitarian relief	5.0	20.2	36.1	38.7	100.0
Public health	3.0	16.2	39.4	41.4	100.0
Medical services	7.6	18.5	34.8	39.1	100.0
Human rights/democracy building	8.0	16.0	34.0	42.0	100.0
Peace operations/peacebuilding	11.8	23.5	26.5	38.2	100.0
Other	21.1	22.8	26.3	29.8	100.0

The biggest impact is felt by program beneficiaries, people suffering from starvation, disease and conflict. The impact of financial access problems affects numerous programs, from international collegiate sports tournaments to humanitarian aid in Syria, with the severity of these impacts varying significantly.

Humanitarian relief efforts, by definition, provide life-saving aid in areas of conflict and natural disaster. They operate under strict principles of humanity, impartiality, neutrality and independence. In conflict zones, international humanitarian law is meant to protect access to civilians in need of aid. “We work with refugees, gender-based violence, psycho-social care to deal with trauma, nutrition programs, maternal health care, all the things we take for granted here,” explained an NPO treasurer.

134 Forty-five percent of U.S.-based nonprofits working abroad are involved in humanitarian aid work (45% of 8,665 total organizations = 3,899 organizations). Five percent of groups working in humanitarian aid (5% of 3,899 = 195) serve fewer than 100 beneficiaries. The maximum number of beneficiaries these organizations could serve is 19,500).

One NPO was prevented from sending immediate relief to the persecuted Rohingya minority in Myanmar in the midst of a dire humanitarian crisis. Timely transmittal of those funds might have saved lives, the charity's director explained. Another NPO representative said, "We are interested in working with banks to alleviate whatever fears they may have. They need to have an understanding that at the end of the day, this money helps beneficiaries facing real hardships on the ground." As another said, "We are in the business of charity."

Conclusion

This chapter presents a range of data that has not previously been available. While there have been abundant anecdotes concerning financial access obstacles in the past, the data indicate that the problem is far more pervasive than previously anticipated. The fact that 2/3 of U.S.-based NPOs experience delays and denials of wire transfers, additional documentation requests, and other problems with international banking constitutes a serious challenge for the continued delivery of vital humanitarian and development assistance—a core component of American foreign and security policies. Moreover, the coping strategies NPOs are forced to pursue to continue their programs, especially resorting to increased use of cash, is contrary to AML/CFT objectives of promoting transparency and traceability to combat illicit finance.