Chapter 6
FINANCIAL INSTITUTIONS

We are kind of in a Ping-Pong match between financial inclusion and avoiding regulatory scrutiny, and we are the ball.[169]

American financial institutions are largely privately owned, for-profit entities. While FI representatives interviewed for this report emphasized that they want to "do good," they ultimately are bound by fiduciary responsibilities to maximize profits for shareholders.

In the 15 years since 9/11 and the maturation of the U.S. AML/CFT regime, there has been widespread recognition of the central role banks and financial institutions play in the fight to combat illicit finance. At times the relationship between FIs and the government has been contentious, as regulators propose new requirements that FIs view as unrealistic, excessive or too costly. But a fundamental element of the AML/CFT framework is the essential partnership and cooperation between these two groups.

Regulatory attention to and pressure on FIs increased significantly in the aftermath of the 2008 financial crisis. Negative media coverage and heightened attention by Congress and regulators created an environment in which compliance shortcomings contributed to perceptions of systemic problems in the financial sector, thereby eroding public trust. FIs acted to reduce their risk exposure and improve capital and liquidity positions. Regulatory oversight, criticized as lax prior to the meltdown, was significantly enhanced, and with it came unprecedented penalties and enforcement actions, as well as a negative attitude toward customer types viewed as high risk, such as NPOs.

At the same time, increased costs and record low interest rates coupled with severe penalties, fears of regulatory criticism and personal liability for compliance officers, have resulted in a "perfect storm" whereby FIs have reduced their risk appetite.[170] In the context of managing such risks, FIs increasingly must address whether it is more cost effective and less troublesome to step back from doing business in certain jurisdictions and sectors or with perceived high-risk customers—which includes NPOs.[171] As former Treasury officials have characterized the current situation,"What

169 Pamela Dearden, Managing Director for Financial Crimes Compliance at JP Morgan Chase, as cited in Ian McKendry, "Banks Face No-Win Scenario on AML De-risking," American Banker, November 17, 2014, http://www.americanbanker.com/news/law-regulation/banks-face-no-win-scenario-on-aml-de-risking-1071271-1.html.

170 David Artingstall, Nick Dove, John Howell, and Michael Levi, *Drivers & Impacts of Derisking: A Study of Representative Views and Data in the UK*, by John Howell & Co. Ltd. For the Financial Conduct Authority, February 2016, https://www.fca.org.uk/publication/research/drivers-impacts-of-derisking.pdf.

171 Sam Eastwood and Ian Michael Pegram, "The Risks of De-Risking: Conflicting Pressures on Financial Institutions," Norton Rose Fulbright, May 2015, http://www.nortonrosefulbright.com/knowledge/publications/129032/the-risks-of-de-risking-conflicting-pressures-on-financial-institutions.

was designed as a regime to help law enforcement 'follow the money' has expanded to include a preventative web of sanctions and regulations used to deny rogue actors access to commercial and financial facilities. This evolution has placed enormous stress on the financial community to meet the expanding definitions of financial crime, complexities of sanctions regimes, and the heightened expectations of compliance. Billions of dollars in fines have been collectively levied against banks…. Institutions faced with expanding policy expectations are left with no choice but to de-risk or expend enormous resources to invest in the tools and personnel needed for compliance [...] These factors haven't necessarily led to a more effective AML/CFT system."[172]

Generally, FIs are frustrated with being "caught in the middle," trying to comply with regulatory expectations that vary, depending on the examiner, and being criticized for closing down accounts of well-meaning charities. As one representative said, "We can manage the risk and do a good job of it; we need not to be second-guessed and criticized for not knowing everything about every account." FIs' apprehension at being seen as too critical of regulators, as well as a fear of speaking out given the potential backlash of enhanced regulatory scrutiny, was also evident in numerous discussions.

Risk Management

Assessing and managing risk are key components of the banking industry. Traditional views of risk management hold that "risk is either accepted (as a possibility), or a probability that can be managed and mitigated. Total risk avoidance took the backseat."[173] Regulatory attention and enforcement actions since 2008, however, have given rise to a "paradigm shift in the hierarchy of risk perception within banks."[174]

FIs face different kinds of risk: legal,[175] regulatory and jurisdictional[176] risk associated with AML/CFT sanctions compliance; financial risks entailing profitability and ensuring commercial viability; and reputational risk, especially important because loss of confidence and adverse publicity can destroy an institution. For many FIs, it is primarily the regulatory, compliance and reputational risks that have led to decisions to withdraw services or decline to provide financial services to certain customers and jurisdictions. At the same time, many FIs expressed the view that jurisdictional risk is preeminent; however sound an institution, or however low risk the customer base, the jurisdiction risk trumps everything else.

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172 Juan C. Zarate and Chip Poncy, "Designing a New AML System," Banking Perspectives, The Clearing House, https://www.theclearinghouse.org/research/banking-perspectives/2016/2016-q3-banking-perspectives/a-new-aml-system.

173 "British Bankers Association Roundtable on Financial Exclusion/Stability arising from financial crime related de-risking," at 4, March 17, 2014, http://www.caribbeanderisking.com/sites/default/files/BBA%20Report%20Roundtable%20on%20Derisking%20March%202014.pdf.

174 Ibid.

175 Another complication for FIs doing business in sanctioned countries is fear of legal challenges, such as civil suits in the case of Arab Bank. One FI recited the months of effort to get money into Sudan blessed under OFAC licenses and exemptions to facilitate UN funds into the country. Ultimately the effort to set up a correspondent account with local bank was unsuccessful, in large part because of the fear of litigation by victims of terrorism under the Terrorism Risk Insurance Act (check). The threat of lawsuits from families of victims of terrorism and attempts to attach funds from terrorist countries (Syria, Sudan, Iran) have undercut policy decisions promoting financial access for NPOs providing humanitarian services.

176 The business will always be considered high risk if it is located in a higher-risk jurisdiction, such as countries subject to sanctions. See Chapter 3 for more detail.

As noted in Chapter 2 of this report, penalties and enforcement actions have increased significantly in recent years and have contributed to enhanced compliance risks for FIs and personnel. Government officials contend that large monetary penalties are the exception (only given for reckless or willful behavior), with 95% of AML/CFT sanctions compliance deficiencies resolved through cautionary letters or other guidance by regulators, short of a public enforcement penalty. However, FIs emphasize that these figures do not take into account the range of regulatory criticism and actions[177] for perceived programmatic weaknesses, even if there is no pattern of criminal activity. This has added substantially to regulatory risk and costs.[178]

Inconsistent Examination Process

Regulators play a crucial role in examining, monitoring and enforcing FIs' compliance with a range of financial laws and policies. The risk-based approach adopted by FATF calls for each bank to establish its own system to assess and deal with AML/CFT risk. In practice, however, FIs indicate that regulators routinely second-guess their decisions and treat certain categories of clients as high risk, requiring financial institutions to undertake extensive (and expensive) steps to mitigate those risks.[179] As one FI characterized it, "The risk is more that we might not be able to answer all the questions a regulator might have about a particular client relationship…. That's more of what's driving derisking in many cases, more than the inherent riskiness of the client."[180] The result is increased due-diligence costs, which tips the risk/reward equation to the point where "it's just better for us to cut the account than to be second-guessed by a regulator."[181]

> ***"Examiners have definitive opinions about what needs to be done, far beyond the Bank Examiners Manual, and they substitute their judgment for the judgment of FIs."***

Difficulties associated with the examination process are common complaints from FIs. Surveys of compliance officials indicate that in the past 3 years, concerns of formal examination criticism by regulators increased by 50%.[182] Regulators increasingly want individual transaction analysis. One banker said, "Examiners will look at your activities and ask specific questions around control functions in place, challenging the amount of controls, significance of controls, and onward, beginning the downward spiral…. They scrutinize every transaction to understand the source/beneficiary of funds, purpose of transactions, and everything associated with the account. It's impossible to know all accounts in that level of detail and maintain a viable business." Another bank official noted that examiners have routinely asked for internal controls and written procedures for all high-risk accounts, including NPOs. "Examiners have definitive opinions about what needs to be done, far beyond the Bank Examiners Manual, and they

177 Such as MRA (matters requiring attention) and MRIA (matters requiring immediate action).

178 Paul Lee and Teresa Pesce, "Regulators Foster De-Risking More than They Admit," American Banker, February 10, 2016, http://www.americanbanker.com/bankthink/regulators-foster-de-risking-more-than-they-admit-1079271-1.html.

179 Dow Jones & ACAMS, "Global Anti-Money Laundering Survey Results 2016," http://files.acams.org/pdfs/2016/Dow_Jones_and_ACAMS_Global_Anti-Money_Laundering_Survey_Results_2016.pdf.

180 Staci Warden, "Framing the Issues: De-Risking and Its consequences for Global Commerce and the Financial System," Center for Financial Markets, at 4, July 2015, http://www.milkeninstitute.org/publications/view/727.

181 Ibid.

182 Dow Jones & ACAMS, "Global Anti-Money Laundering Survey Results 2016."

> *Numerous FIs emphasized that, "There is a clear disconnect between what policy officials say and what happens at the individual bank examination level, which is where we get hit."*

substitute their judgment for the judgment of FIs." Banks feel that they are "at mercy of individual examiners" and complain about inconsistency between bank examiners. "[It] is hit and miss at best. It would be so nice to have one 'opinion' of the regulations rather than 5 or 6 differing opinions."[183] As another FI said, "We need balance and reasonableness, not suspicion […] Contrary to the regulators, bankers are not redlining or deceiving their customers. One bad apple does not mean all bankers should get hit with the same broad brush."[184]

Numerous FIs emphasized that, "There is a clear disconnect between what policy officials say and what happens at the individual bank examination level, which is where we get hit." Some participants expressed their belief that guidance from government agencies is not helpful because bank examiners have wide latitude. "Guidance is not doing anything for anyone. Even when views at the top change, it's not applied by examiners in the field, it's not trickling down."

FIs are increasingly concerned that examiners are able to say and do whatever they want without repercussions in DC. Indeed, there seems to be little to no accountability at the examiner level, and in a risk-adverse system, there is little incentive for individual examiners to take a balanced approach. Some FIs expressed the view that they would prefer to have clear detailed guidance (a rules-based approach) with a predictable examination/assessment framework that would make it clear with whom they can and cannot bank.

Technology Tools

To lower the cost of compliance, the financial sector is increasingly looking to new technological services, utilities and information-sharing tools that can be used to screen transactions (see box, next page).

183 Comment submitted by username "Common Sense" to article on American Banker's Bank Think blog, "The Time Has (Finally) Come for a Single Regulator" by Robert Heller, December 7, 2016.

184 Ibid., from username "TooManyRegs."

TECHNOLOGY TOOLS FOR COMPLIANCE CHALLENGES

With ever-increasing expectations from regulators to comply with the range of federal and state banking requirements, FIs have turned to technology to assist in managing compliance functions. Increasingly common are know-your-customer (KYC) utilities: third-party services intended to reduce costs and administrative burdens associated with KYC rules. A spectrum of KYC utilities now exists to help FIs in onboarding clients while adhering to AML/CFT requirements. KYC utilities generally take client information from FIs, including ownership structure, legal entities, management and board members, and enhance this with data from public/private sources to construct a detailed client profile. On the plus side, utilities can save money, improve the review process and make it more efficient.[185] Popular KYC utilities include Depository Trust & Clearing Corp.'s Clarient Global, Markit/Genpact's kyc.com, Thomson Reuters' World-Check and Org ID, and SWIFT's KYC Registry.[186] However, many of the private utilities have come under increased scrutiny for including unreliable information, which leads to more derisking.

Further reflecting FIs' needs for compliance-related technological solutions, in September 2016, SWIFT launched a "name screening" service for FIs to screen clients, suppliers or employees against sanctions, politically exposed persons (PEPs) and private lists. It is an online search engine-style directory of individual names, as well as an automated batch screening of entire databases to bolster (especially small to midsize FIs') compliance in higher-risk areas. SWIFT offers other compliance services such as "sanctions testing" that allows banks to test, tune and certify the efficiency and performance of their transactions, name screening filters and lists.

It is not uncommon for negative anecdotal information to turn up as part of electronic screening. These databases often compile press accounts or unconfirmed information from the Internet, such as mentions on blogs, for inclusion in their lists. This means that innocent people and organizations might find themselves in these databases.[187] For example, more than one FI reported receiving an adverse publicity flag related to old information or solely because the name of an organization is mentioned in the same location as a sanctioned party (such as both attending the same conference). In one instance, information posted on the Internet when an individual was very young resulted not only in the transaction being denied but in a Suspicious Activity Report being filed. Even though compliance officers may recognize that information is unsubstantiated and likely incorrect, once it comes up, it cannot be ignored without significant complication. An FI must explain, if asked by an examiner, why it proceeded in the face of adverse information indicating risk.

185 Paige Long, "Banks say take-up of KYC utilities needs to improve," Risk.net, December 11, 2015, http://www.risk.net/operational-risk-and-regulation/news/2438944/banks-say-take-up-of-kyc-utilities-needs-to-improve.

186 Chris Kentouris, "KYC Utilities: How Many Is Too Many?" FinOps Report, April 16, 2015, http://finops.co/regulations/kyc-utilities-how-many-is-too-many/.

187 Namir Shabibi and Ben Bryant, "VICE News Reveals the Terrorism Blacklist Secretly Wielding Power over the Lives of Millions," VICE News, February 4, 2016, https://news.vice.com/article/vice-news-reveals-the-terrorism-blacklist-secretly-wielding-power-over-the-lives-of-millions.

Response to U.S. Government Efforts to Clarify Policies

For more than a decade, FIs have consistently been told to reduce their exposure to risk. When dealing with higher-risk categories of customers, stronger risk management and controls are required to exercise effective due diligence. Around 2014, when the effects of derisking had become more evident, however, policymakers began arguing that exiting certain sectors of business, such as NPOs, MSBs, or higher-risk countries, are inconsistent with a risk-based approach. FIs are keenly aware of these conflicting signals and inconsistent messages.

> "Bankers are finding themselves trapped between the proverbial rock and a hard place when it comes to complying with anti-money laundering rules. On the one hand, they are facing enhanced scrutiny from bank examiners, causing them to sever ties with businesses they view as high-risk, including online lenders and money services businesses. On the other, top officials at those same regulators are urging banks not to close those accounts, fearing that doing so will cut off vulnerable consumers from much-needed access to credit."[188]

Some of the same pronouncements by Administration officials contain contradictory statements and express skepticism that derisking is in fact taking place. It is therefore not surprising that while banks have heard these messages, there is little clarity or guidance that banks feel they can rely upon in making decisions.

In discussions with FIs, they expressed the need for clear and specific expectations (as opposed to a restatement of existing policies). Policymakers and supervisors need to enact specific reforms, FIs said.

FIs expressed frustration that policymakers and regulators appear to couch FI actions to exit certain customer relationships in terms of the FIs' concern for their bottom line rather than enhanced regulation and enforcement. Some financial representatives feel "left in the lurch" to deal with the financial access problems, which they believe were created by government policies.

Attempts to clarify AML/CFT requirements and provide assurances to FIs (in guidance issued in August and October 2016 regarding supervisory and enforcement expectations) have been insufficient to address the financial sector's concerns. The most recent guidance and various statements by the Treasury claiming that they do not expect perfection have not provided the assurances necessary to tip the balance in favor of banking higher-risk customers or countries.

In discussions with FIs, they expressed the need for clear and specific expectations (as opposed to a restatement of existing policies). Policymakers and supervisors need to enact specific reforms, FIs said.

Officials from the Treasury Department and other agencies have expressed concern about derisking, recognizing that it can hurt economically disadvantaged consumers, but when asked

188 Ian McKendry, "Banks Face No-Win Scenario on AML 'De-Risking.'"

about solutions, they generally put the onus on FIs to address derisking, rather than discuss the heightened fear of enforcement penalties that banks say is the reason behind the problem. According to former Treasury Under Secretary Nathan Sheets, "Fear of such penalties should not color the decision-making approach of banks that are carrying out good-faith efforts to abide by the law, maintain strong [anti-money-laundering] standards, and invest in the personnel and technology necessary to implement these standards."[189]

Moreover, U.S. government proposals for FIs to solve the derisking problems alone are viewed as counterproductive. John Byrne, executive vice president at ACAMS, warned, "If policy leaders in the government continue to talk about derisking as solely an obligation of the financial sector to improve processes […] it will never get solved […] There has to be a concerted effort with regulators, law enforcement, and the financial sector to candidly discuss risk issues, because it is all about risk appetite, risk management, risk assessment."[190]

Potential Measures to Address Uncertainty

When asked what can be done to address the decline in financial services for certain sectors and jurisdictions, FIs emphasized that the problem is a shared responsibility, not just one confronting banks.

> "Efforts to address the so-called 'de-risking' phenomenon and the attendant risks to the safe and efficient functioning of the correspondent banking system should reflect the mutual and joint responsibility of the public and private sectors to mitigate the risk that bad actors will access the financial system…. We believe it is crucial that governments and supervisors enact concrete reforms..."[191]

Moreover, FIs state that measures need to be realistic about the risks inherent in banking and need to afford flexibility to FIs.

> "To the extent that such de-risking conflicts with other public policy incentives, such as humanitarian aid, financial inclusion or keeping financial flows in regulated systems, policy makers need to acknowledge that continuing certain relationships to meet these other objectives will necessarily expose banks to certain risks and [need to] provide banks (i) flexibility to manage those risks within the current regulatory architecture and (ii) comfort that their risk management efforts will be evaluated by supervisors according to the principles of the risk-based framework."[192]

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189 Ian McKendry, "Treasury to Banks: Derisking Is Your Problem to Solve," American Banker, November 13, 2015, http://www.americanbanker.com/news/law-regulation/treasury-to-banks-de-risking-is-your-problem-to-solve-1077844-1.html

190 Ibid.

191 Letter to Robert Lindley, CPMI Secretariat, from The Clearing House, "Comments in Response to Consultative Report–Correspondent Banking, at 2, December 7, 2015, https://www.theclearinghouse.org/-/media/action%20line/documents/volume%20vi/20151207%20tch%20bis%20correspondent%20banking%20comment%20letter.pdf.

192 Ibid.

Several FIs shared their suggestions on how to address derisking problems, including information-sharing tools and utilities, incentives to encourage FIs to bank higher-risk sectors and jurisdictions, penalties for derisking, safe haven provisions and changes in the management of the examination process to ensure a more consistent approach to supervision. Some representatives suggested the creation of a centralized utility containing all relevant data that could be responsible for monitoring all transactions, removing the liability burden from individual banks. These are explored further in Chapter 9.

FIs also expressed the need for greater and more consistent guidance from governments and regulators. In a 2014 KPMG survey,[193] 63% of FIs said that regulators should provide additional guidance and 43% indicated that a stronger relationship with regulators would be a welcomed change. Regulators should discuss and clarify the roles and responsibilities of various stakeholders in exercising AML/CFT due diligence and ensure that changes in the framework (such as the revised FATF R8) are translated into guidance for FIs.

FIs' Relationship with NPO Sector

As noted in Chapter 4, half of NPOs are small, operating with less than $1.5 million in revenues and less than $1 million in expenditures, making many NPO accounts relatively small compared to corporate and other clients. Given, therefore, that charities' accounts are generally not hugely profitable but do require additional compliance costs, many FIs find them to be "more trouble than they are worth."[194] Indeed, as this report has shown, even with the change of FATF R8, FIs still consider NPOs to be high risk, especially because they often operate in higher-risk jurisdictions (such as countries that are subject to sanctions). The specific activities or due-diligence procedures of NPOs are often not even considered; rather, FIs anticipated the reactions of regulators to NPO accounts.

Several FIs noted unfamiliarity generally regarding how the NPO sector operates and the specific nature of NPO work. The degree to which there is little awareness of what and how NPOs function is not surprising, as there is not widespread understanding of the unique circumstances of delivering humanitarian relief, something most FIs have no expertise with.

193 KPMG, Global Anti-Money Laundering Survey 2014, https://assets.kpmg.com/content/dam/kpmg/pdf/2014/02/global-anti-money-laundering-survey-v5.pdf.

194 Ironically, some NPOs have divided their funds over multiple accounts because of the fear of being debanked, making their accounts less profitable for FIs.

ARE NPOs "AUTOMATICALLY HIGH RISK?"

One FI relayed the experience of an examiner telling the bank it needed to exit areas of higher risk, followed by extremely detailed questions concerning an NPO customer. This left the bank officials with the unmistakable message that the NPO was high risk and to be avoided.

Another bank noted that charities were automatically placed in the high-risk category, even though it was known that FATF was proposing a revision of Recommendation 8 to downgrade the risk associated with NPOs generally. The representative stated that until there was guidance from regulators changing the long-standing characterization of NPOs as high risk, the FI would continue to view all NPOs as such.[195]

Multiple interviewees also mentioned an implicit attitude by policymakers and regulators of NPOs as "uncertain," risky, and whose problems are not generally regarded as a priority concern in the same way correspondent banks and MSBs have been acknowledged publicly. A general sense of cautiousness and skepticism seemed to pervade officials' characterizations of NPOs.

According to some NPOs, "The bankers told us that you never get punished for derisking, but you potentially can suffer significant penalties for keeping charitable organizations around. On the policy level, Treasury representatives indicated that there is no pressure to debank charitable organizations. But something seems to get lost in translation between bank regulators and instructions to banks themselves. Banks will tell us that they're maintaining charitable accounts, but that they're being punished for it. Financial institutions are being sanctioned by regulators (letters indicating noncompliance) for working with charitable groups."

195 This interview took place prior to the June 2016 decision by the FATF to revise Rec 8; no guidance to implement the change has been issued by the U.S. government.

NPOs also consistently complain about the lack of information and transparency surrounding account closures or cancelled wire transfers. From the FI's perspective, however, there are concerns about running afoul of prohibitions on "tipping off" the client if adverse information is revealed in KYC checks. Other times, NPOs' attempts to ward off derisking lead to the very same problem they are trying to avoid. One interviewee told of a situation in which a bank exited an NPO relationship because law enforcement served a subpoena on a specific account (noting patterns of cash deposits that were not viewed as commensurate with expected charity accounts). The reason for the irregular activity stemmed from the fact the NPO had multiple accounts in different banks—an effort to guard against debanking. Because the AML staff did not have any contact with the charity, standing policy dictated that the FI close the account.

What FIs Need from NPOs

For FIs to carry out their due-diligence obligations, certain information is necessary to assess the client's level of sophistication in managing terrorist financing/financial crime risks. While each bank has unique criteria it requires in deciding whether to accept or retain customers, there are general categories of information FIs need to make determinations and to process payments to higher-risk jurisdictions.[196]

In interviews with FIs, the question was repeatedly asked, what do banks need from NPOs in order to confidently provide financial services? The most frequent response from FIs was that NPOs need to be more transparent and help banks understand internal due diligence and audit processes to demonstrate where funds are going.

The High Cost of One Successful FI-NPO Relationship

One bank representative recounted the specific challenges experienced in onboarding a charity client. The organization's principal source of income was sizable cash donations from worship services. The FI worked with the NPO to design a program to understand its unique operational circumstances, established good lines of communication, conducted site visits and assisted the NPO with extensive due-diligence procedures on the ground so the bank was comfortable that the risk associated with cash could be managed. The monthly process of monitoring deposits at multiple sites, accounting for where cash was coming from, making annual site visits and maintaining a continued dialogue to inform the NPO what it could/could not do and why was "ridiculously labor intensive." Everyone had to understand all aspects of the business, including the ultimate use of the funds. It was a success story, but not replicable unless the relationship is significant enough to support the cost of compliance. "If the business was tiny, it would not be derisking, but rather common sense," the FI explained.

196 Definitions of higher-risk or "hotspot" jurisdictions vary, but usually include, at a minimum, countries to which sanctions apply.

INFORMATION FIs SAY THEY NEED TO BANK NPOs

In assessing risk associated with NPOs, FIs consider a variety of factors. The following are broad areas of information that most banks want to understand in order to support client activities, especially in higher-risk jurisdictions:

1) General information on the nonprofit organization – size, types of activities/services provided, jurisdictions in which NPO operates, background of trustees/directors.

2) Financial controls – internal NPO policies and procedures to manage TF/financial crime risk, including responsibility for review and approval, transparency regarding sources of donations and disbursement of funds to beneficiaries, procedures to prevent diversion and misuse, reporting and auditing.[197]

3) Due diligence – procedures used to select beneficiaries, in-country partners and agents (employees, suppliers and other service providers), and to monitor and manage downstream risks.

4) Compliance – appropriate steps taken to ensure compliance with AML/CFT and sanctions regulations. Additional measures taken to comply with U.S., UN, EU and other sanctions and export control requirements in higher-risk jurisdictions.

5) Humanitarian aid – detailed descriptions of projects (especially in conflict zones), funding for projects and, if government-funded, how projects are subject to auditing and evaluation requirements.

This information is used by the FI to assess the overall relationship of specific NPO projects, enabling a more detailed understanding of the anticipated payment flows and where the NPO controls may need to be strengthened. FIs emphasized that more information made available at the early phases of the relationship enables more expeditious review and provision of financial services.

197 Some FIs limit use of MSBs to those that are regulated, and restrict cash disbursements.