

58 Humanitarian, Grantmaking Organizations Ask U.S. Treasury, State for Help with Access to Banking Services

Washington, February 25, 2016 – Fifty-eight nonprofit organizations (NPOs) from around the world, including umbrella groups with more than 300 member organizations, have sent a letter asking the U.S. Departments of Treasury and State to convene a multi-stakeholder dialogue as part of a broader effort to ensure that registered, law-abiding NPOs are able to access the global financial system. The signatories to this letter represent more than \$8.3 billion annually in humanitarian aid and services to the world's most needy.

It has become increasingly difficult for these nonprofits to access the financial services necessary to provide life-saving aid to people in global hot spots where the need is greatest. Banks may delay, or refuse to make, transfers between organizations. Sometimes, NPOs are turned away as customers or have their accounts closed. For example, one charity was unable to pay for fuel needed to supply power to a hospital in Syria because of the banks' lengthy delays in transmitting funds. More recently, aid to refugees streaming into Europe was impacted by a charity's inability to make international wire transfers. These examples are representative of a long list of "de-risking" cases.

Banks and the U.S. Treasury Department are blaming each other for the problem and to date have done little to solve it. The difficulty stems in part from aggressive enforcement of the Bank Secrecy Act, including anti-terrorist and anti-money laundering programs. U.S. financial institutions are required to monitor financial transactions and report suspicious activity. Federal bank examiners require them to conduct extensive due diligence on NPOs, which can take substantial time and resources. Without positive incentives to offer services to NPOs, banks' risk-reward calculation will continue to be weighted towards de-risking.

"The fact that a large number of foreign NPOs signed on to the letter shows that U.S. banking laws and policies have a global impact," said Kay Guinane, director of the Charity & Security Network. Because nonprofits around the world carry out work funded by the U.S. government, "finding a solution to the problem should be a priority for Treasury and State, in order to support U.S. foreign policy goals," she added.

A copy of the letter is available at: bit.ly/NPOfinaccess

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