

8 How to Implement Risk-Based OFAC Monitoring Practices

Five Steps to Risk Assessment; 10 Practices for Monitoring

BY TIMOTHY R. WHITE, CAMS

The banking industry has entered a new era in Office of Foreign Assets Control (OFAC) compliance, recognizing that there is no one right way to monitor for OFAC compliance when implementing a risk-based approach. This article examines 10 risk-based OFAC monitoring practices. Most of these practices are used by large money center banks that have long been accustomed to the risk-based balancing act of staying in compliance with OFAC and their federal examiners. Community and regional banks can achieve significant efficiencies by emulating larger institution's monitoring practices in light of the new risk-based exam procedures.

18 REGULATORY UPDATE Compliance Risk: The Regulators' Perspective

Regulations Governing Retail Credit and Lease Financing

BY BONITA JONES

With all that is going on in the compliance world we thought it would be timely to get the regulators' view of consumer compliance risk associated with lending. Intuitively, bankers think of lending-related regulations as high-risk, but are they all? Are there different degrees of risk? This article provides some insight into the regulators' thinking on this issue, plus information on common violations, the consequences for noncompliance with high-risk regulations, and consumer complaint activity that can indicate potential compliance exposures. The article presents this information by using data in publications from the federal banking agencies and other enforcement bodies.

26 Risk Management for Subprime Lenders: Mastering the Balancing Act

BY PAUL R. OSBORNE, CPA, CPO, AND ERIC S. DURHAM, CRCM

Financial institutions face challenges when serving low- to moderate-income areas where loan applicants are more likely to have limited access to traditional credit products because of weak economic circumstances or credit histories. Premium-priced subprime loan products represent one vehicle for meeting their needs, but banks must be aware of, and proactively identify and manage, the risks involved.

34 New FDIC Insurance Signage and Advertising Statement Rule

BY CARL G. PRY, CRCM

Bankers are familiar with "FDIC Insurance" signage. It's been around so long it's almost become part of the furniture, posted at teller windows, deposit-taking ATMs, and other locations (like CSR desks) where FDIC-insured deposits are accepted. But by November 13, 2007, FDIC signage must be replaced with a new version due to a revision to the FDIC's "Advertisement of Membership" regulation. Changes were also made to the FDIC's rules regarding its "Official Advertising Statement" requirements (i.e., placing "Member FDIC" in advertisements), including when the statement is and is not necessary.

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