

BSA Training

IN THE LAST YEAR, we've built up our muscles through our job-based training program. Then we gained strength by picking the appropriate way to train, creating engaging training, and testing. As we begin our second year together, let's move forward by focusing our fitness on particular programs and practical applications of what we've learned. Let's get going and pump you up.

Today's session will explore the kicky (as in martial arts) subject of the Bank Secrecy Act (BSA). Please note that your trainer still believes it is preferable to combine BSA training with other annual training that you require. (As an example, you could combine currency transaction report (CTR) training with Reg. CC for an overall look at taking deposits.) However, this column will focus only on the BSA aspects of training.

A compliant BSA program contains four primary elements, including training. We must provide ongoing training to appropriate personnel whose duties require knowledge of the BSA. Industry practice dictates that we conduct this training annually. The *FFIEC BSA/AML Examination Manual* (2006) sets forth the additional expectation that the training should be job-based. (Which pumps us up here at the Training Room.) So how do we mix these requirements with the Training Room philosophy to create effective training for your bank?

Warming Up

As we discussed previously, you need to stretch out before starting any exercise program. To warm up to BSA, perform a risk assessment to determine whom to train and which topics to cover. Rather than producing one BSA module for everyone in the bank, concentrate your efforts on the department or groups with the highest BSA risk. This will

likely be the areas of your bank that accept cash and have the most customer contact. For most of us, that would be the retail sector. Let's start there.

Learning the Principles

Before you jump into any karate moves, you first have to learn the principles behind them. For BSA, we should think about which sections of the rule apply to the retail group. We want to make sure we include any current developments and procedural changes but we also want to refresh our audience on the old favorites too. Because most branches accept cash, you will need to explain the CTR and negotiable instrument log triggers. You will also want to explain where your audience can find the forms and how to complete them. Be sure to focus on what information they are responsible for versus what automation will collect. They should be reminded what suspicious activity is, what red flags they should be looking for and how to report problems when they find them. You should also explain your bank's CIP procedures if your retail audience opens any accounts. Depending on how many modules you want to draft for the retail group, you might consider breaking the workout into separate sections for those who accept deposits, those who open new accounts, and those who perform both functions.

Other areas of the bank might not require as much BSA training. For

example, if your commercial and consumer/mortgage lending areas do not accept cash, focus their training on how to identify the suspicious activities that they would be more likely to see.

Line Drills

After you get the principles, you can start some line drills to get your moves down right. This means that when you've determined what topics need to be covered in your training, it is time to put them down in writing. If you need to create new material, just explain the regulations, what they require, and how to do it at your bank. It's that simple! If your program is more advanced and you have trained on the subject in previous years, then your prior work is an excellent place to start (perhaps with a quick review of key concepts). You will want to spend some time refreshing it, though. If you require your audience to complete the exact same drill year after year, you will quickly lose them—and we





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all know compliance is much more exciting than that.

Speaking of exciting, don't be afraid to break a few boards to grab your audience's attention. BSA is one of our "sexier" topics, so there are lots of possibilities. You can point out the recent large fines (both corporate and individual) as well as the other repercussions from having a deficient program. Or, you can push your trainees' civic duty buttons and explain that employees can be better citizens by helping to nab the bad guys. You might even include a success story of a banker who helped law enforcement.

You can also keep your audience members active by having them complete actual BSA forms. This is easiest to implement in a classroom where you can ask the class for the name of someone they'd like to see come into the branch. Then create a scenario with this person in it and have students complete the form. You can either grade it or walk the class through it with a volunteer. This can also work with manager-led training and e-learning but without the direct feedback.

Because there is heightened sensitivity to BSA these days, it is not a bad idea to take your training program a step further than required. For example, you might consider taking the proactive step of providing general awareness training for all of your employees. You can typically discern patterns of BSA problem areas to select a hot topic of the moment. It pays off to develop training around this area that you can show your regulators should they ask about the issue du jour.

Sparring with Opponents

After you've got karate's principles down, start sparring with opponents to sharpen your

skills. Don't forget to sharpen their skills while you are at it with an appropriate test. If you included CTRs on your risk assessment, then question the audience about how to respond if they receive cash in and cash out that are just above or below the limit. Perhaps Zee Bra deposited \$7,500 in cash and then pulled \$3,000 out of a different account for a cashier's check. What forms would need to be completed, if any, and for what amount? If your assessment included monetary instrument logs, then set up a scenario where class members would need to complete one to ensure they know when it is required.

For instance, an employee might have had several customers come to her window that day: Ellie Fant requested a cashier's check for \$1,000; G. Raff got traveler's checks in the amount of \$2,000 after depositing \$1,000 in cash; Lionel purchased three money orders at \$500 apiece; and C. Gull bought a \$5,000 cashier's check. What forms should have been completed? Don't forget to include questions that will ascertain whether your trainees can detect suspicious activity. You could either set up a scenario and ask whether and what they should report or mention several scenarios and ask which one should be reported.

One more topic we would like you to think about related to training is the test-out option. Can you allow one for this material, given that training is required? Because the test out both demonstrates that employees know how to handle their job responsibilities and also represents a further learning opportunity, the regulators that have weighed in with the Training Room support it. If you want to take a more conservative approach, consider having a separate BSA module for your highest risk area (retail?) that does not permit testing out like other areas can. Whatever method you wind up with, make sure you track your

BSA training carefully so you can show regulators what you have accomplished.

Cool Down

At the end of class, there will always be time to cool down and reflect on what you've learned. When reflecting on your BSA training, don't forget to include your board of Directors. The *FFIEC BSA/AML Examination Manual* reminds us that we must keep them informed of changes and new developments so that they can provide adequate oversight. Of course, there are other topics that are key for your board to be apprised of, too. Let's talk about them next time you visit the Training Room. BC

ABOUT THE AUTHOR

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