Cross-Training: It’s Not Just for Athletes Anymore
The Benefits of Cross-Training AML Associates

by Amy Wotapka, CAMS, CRCM

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The Growing Demand for BSA/AML Staff

As regulators continue to focus their attention on the BSA/AML arena, the need for BSA/AML professionals is increasing. This is true for financial institutions of all sizes. While some smaller financial institutions can operate effectively with just one full-time employee dedicated to anti-money laundering control processes, this individual often has additional roles or responsibilities, creating conflicting priorities. That may mean that the individual has difficulty dedicating the time and resources that are needed to maintain a successful BSA program.

Conversely, some larger financial institutions employ entire teams dedicated to BSA. A large number of staff does not necessarily correlate with success, however. Depending on the experience and infrastructure of the staff, success often lies in quality, not quantity.

"Verify that staffing levels are sufficient to review reports and alerts and investigate items, and that staff possess the requisite experience level and proper investigatory tools."* *-FFIEC Exam Manual

The structure and size of anti-money laundering compliance departments vary among financial institutions; there is no magic formula. However, there are a multitude of factors that have contributed to the recent need for BSA departments to consider expanding. One prominent example is the increasing terrorist activity in the United States and abroad, such as the 2015 shooting in San Bernardino, which signaled a need to sharpen anti-money laundering efforts.

Another factor is the increased scrutiny from regulatory agencies. Recent cases of personal liability have come with hefty price tags, and the final rule put forth by the New York Department of Financial Services requiring an “annual certification” may become increasingly common in other states. Regulators are putting pressure on BSA Officers to ensure their BSA/AML program is well documented and tested, thus creating a need for additional AML specialists.

2 http://www.usatoday.com/story/money/2015/12/15/shooting-terrorism-online-loans-san-bernardino/77358520/
Bank consolidation also contributes to the need for more staff. From 2000 to 2010, there were 2,403 mergers, according to the Federal Reserve.\(^4\) That number continues to grow in this decade. Inorganic growth can uncover new areas of risks and higher volumes of transactions for BSA compliance staff to monitor, causing an inflated workload that is difficult to manage.

Increased financial crime risks such as terrorist threats, cybercrime and virtual currencies also add to demand for qualified financial crimes professionals. Additionally, the Financial Crimes Enforcement Network (FinCEN) continues to expand the definition of financial institutions required to comply with anti-money laundering laws and regulations. FinCEN recently proposed that Registered Investment Advisors be added to the list of regulated financial institutions.\(^5\) As BSA/AML regulations expand, the need for BSA/AML compliance professionals will continue to grow.

**Common Mistakes Made When Staffing the BSA Department**

With the growing demand for BSA/AML compliance professionals, hiring individuals who are well qualified for the role can be critical to a financial institution's success. However, an institution must aim to hire strategically. Simply hoping to quickly fill an open spot can have negative consequences. For example, when a spot opens up, the trend in some geographical areas is to pay to recruit a competing institution's trained BSA compliance associate.

While this strategy can help in finding someone with experience, it is not always infallible. Hiring an associate trained elsewhere can actually expose an institution to new and different risks because the newly recruited BSA professional is accustomed to his/her prior institution's risks, risk tolerance, processes and customer base. No two institutions are exactly the same. So if a BSA professional is too specialized in the specifics of the institution from which he/she has been recruited, there is a risk to the acquiring financial institution that the new associate fails to fully understand new risks or controls needed to address the risks.

A financial institution should also avoid filling a spot with someone who is under-qualified. Not every spot can, or will be, filled with an experienced financial crimes professional. When experienced individuals are not available, hiring managers will seek out individuals with specific soft skills – critical thinking, excellent verbal and written communication, and/or programming skills – to train as a financial crimes associate. An intelligent, hardworking professional can certainly be trained as a successful BSA compliance associate. However, filling an open spot without thorough training puts an institution at risk of errors or oversights within its BSA program. In the 2015 New York Region Regulatory Teleconference, FDIC Deputy Regional Director John Conneely illustrated this point, saying,

> "Further, we see BSA staff whose BSA training is not job-specific, resulting in personnel that may not clearly understand their specific BSA/AML related duties. There may be a wire room operator whose job it is to approve wires, but this person does not receive adequate training on international wires to high risk and non-cooperative countries. As a result, a wire may be released to a country of concern without completion of the appropriate due diligence."\(^6\)

- John Conneely

For efficiency's sake, it can be tempting to designate roles with a singular focus within the BSA compliance department: someone whose sole responsibility is suspicious activity monitoring, someone who only files Currency Transaction Reports, or a person who only reviews new customer files for CIP adherence. However, filling roles too hastily can create silos. While it may build efficiencies in the short term, due to insufficient subject matter knowledge base or cross training, the new hire cannot be called upon to fill other roles, creating inefficiencies in the long run.

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Training AML Generalists

Given the increased demand for staff, how can a financial institution help ensure that it is building a team of qualified, competent BSA/AML professionals? The key is to train AML or financial crimes generalists whose knowledge goes both far and wide.

Members of a BSA compliance department should be thoroughly trained on all areas of BSA/AML. That is not to say that, once trained, roles cannot be specialized. However, every member of the team should have the same baseline knowledge in order to understand all components of the BSA/AML compliance function. Even experienced hires should be given extended training since they may not have had exposure to certain topics, they may have forgotten the information, they might have learned incorrect information, or the information they learned has become outdated.

Training for AML generalists should be documented and maintained at the institution level, and it should originate with the board of directors and/or senior management. The information contained within the training should come from credible resources – not derived from a single individual’s experience working in BSA. Here are some examples of what an institution can do to build a training program that supports the training of AML generalists.

- **Identify areas that are critical for all BSA/AML staff to know.** This includes structuring, signs of elder financial abuse, how to write quality SAR narratives, and so on.
- **Foster a culture of compliance.** Gain buy-in from appropriate areas (training, human resources, managers, etc.) to reinforce the importance of what BSA/AML compliance does for the institution.
- **Have realistic expectations.** Understand that training generalists will not happen overnight; it takes time, effort, and planning.
- **Develop the program.** Keep staff from getting stagnant by reinforcing prior training, informing them on new regulations, and so on. Ongoing training helps ensure that staff is current, versatile, and all on the same page.
- **Create an onboarding book.** It can contain specific sections of the BSA, USA PATRIOT Act, a link to the FFIEC Exam Manual, links the associate should bookmark, email subscriptions for which they should sign up, internal systems to which they will need access, and so on.
- **Suggest that staff read the regulations.** In addition to learning their job, staff should learn the background behind it.

In training AML generalists, there are other steps that management can take that work well for the specific institution, their training style, and so on. The above steps are some suggestions for getting started.

**Benefits of Training AML Generalists: Savings and Security**

The benefits of training associates to become general AML compliance professionals are numerous and varied. Primarily, AML generalists may provide a cost savings to the institution. Additionally, it may help the institution avoid enforcement action.

AML generalists can provide a cost savings to the institution by helping to increase the chance of employee retention. Associates that are trained broadly will gain valuable regulatory and job-related knowledge. They may be more likely to be considered for promotions or to fill in when turnover occurs, which helps with retention. In that sense, institutions are investing in their employees for the long term, rather than paying to recruit someone or get them up to speed.
The FDIC acknowledges the need for this type of succession plan, noting, “We also see banks having difficulty filling lower level compliance positions such as analysts and investigators. A tool that can assist management with this issue is a BSA Officer succession plan, which includes a recruitment and training plan for entry level positions.” This illustrates that getting the right people in the door from the beginning can pay off in the long run.

Plus, by having a wide range of knowledge, the associate becomes a “go-to” person for all things AML. The goal is to have an entire staff of go-to individuals where any person on the staff can answer an AML-related question, know where to find the answer, or know where to direct a question. Generalists will be able to answer questions from different lines of business quickly, confidently and correctly.

Additionally, the BSA program itself will likely benefit from having AML generalists behind it. The likelihood of a subject matter expert spotting a gap in an AML program is much higher than an associate who is trained on only one process spotting the same gap. The remediation or mitigation of control gaps should lead to less possibility of enforcement action.

Conclusion

The demand for BSA/AML staff is growing due to various factors: terrorist financing and cybercrimes, increased pressure from regulatory agencies, mergers and acquisitions, and the changing definition of a financial institution. As a result, some organizations make the mistake of hastily filling open roles in the BSA/AML department, which can expose the institution to unintentional and unaccounted for risk. However, training AML generalists, rather than specialists, can help mitigate the risk of taking on new associates.

Should an institution need to temporarily outsource the BSA/AML compliance function in order to ensure that staff is adequately hired and trained, help is possible. Many consulting companies can step in and serve as an extension of your compliance team, temporarily taking on your BSA/AML responsibilities. The Suspicious Activity Monitoring Services (SAMS) from Banker’s Toolbox has a proven record of doing so successfully with our partner financial institutions. A SAMS project can be as long or short as a client wishes, helping to ensure that your in-house staff has enough time to be trained.

It undoubtedly takes time to train AML generalists to the extent that is necessary. The concept of an AML generalist may be new to your institution, so training them can be a challenge. However, the payoff outweighs the cost. Building a team of AML generalists will help retain employees, train subject matter experts, strengthen the BSA program and build a succession plan for the institution’s continued success.

Amy Wotapka has over 30 years of experience in the banking industry including retail operations, consumer lending, escalated client relations, policy governance and risk management. Amy holds numerous industry certification including CAMS, CRCM, CFE and CIPP. She is a founding Board member of the Richmond Chapter of the Association of Certified Anti-Money Laundering Specialists (ACAMS). Amy is an accomplished presenter at conferences and webinars speaking on a variety of AML-related topics for ACAMS. She has authored numerous articles for the ACAMS Today magazine, winning “Article of the Year” in 2010. Additionally, Amy is honored to dedicate her knowledge and service to the ACAMS Editorial and Education task forces.

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