

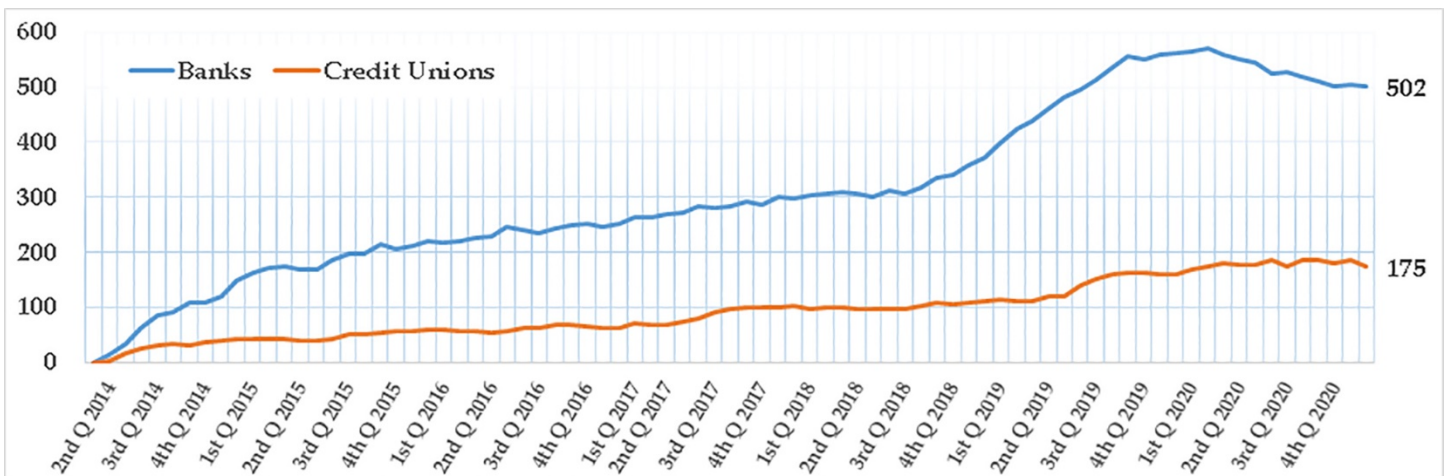


# FinCEN

Financial Crimes Enforcement Network

## Marijuana Banking Update

### Depository Institutions (by type) Providing Banking Services to Marijuana-Related Businesses<sup>1</sup> (SARs filed through 30 September 2020)

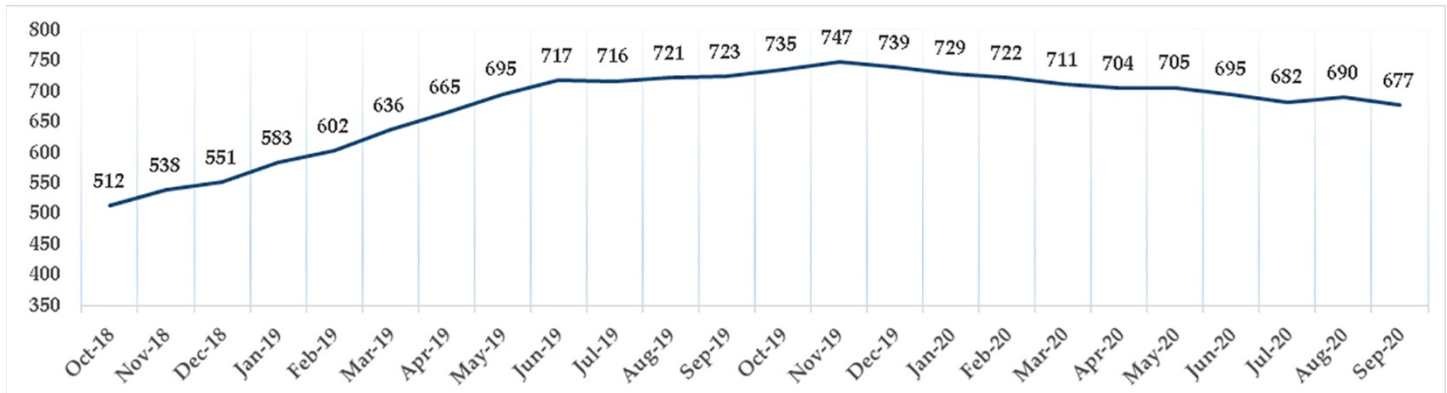


Short-term declines in the number of depository institutions actively providing banking services to marijuana-related businesses (MRBs) may be explained by filers exceeding the 90 day follow-on Suspicious Activity Report (SAR) filing requirement. Several filers take 180 days or more to file a continuing activity report. After 90 days, a depository institution is no longer counted as providing banking services until a new guidance-related SAR is received.

The number of depository institutions (DIs) banking marijuana-related businesses (MRBs) continues to show a slight decline, which started at the end of the 1<sup>st</sup> Quarter FY2020 (December), and coincided with the release of guidance by FinCEN and financial regulators on providing financial services to customers engaged in hemp-related business activities.<sup>2</sup> The COVID-19 pandemic may be adding to this apparent decline for two reasons.

- Some MRBs (particularly recreational marijuana businesses) have likely been closed during this time period due to government imposed Phase 1 quarantine restrictions.
- Although the 90-day window for filing continuing activity Suspicious Activity Reports (SARs) is still in effect, reduced staffing at DIs may have caused additional delays in filing SARs.

## Number of Depository Institutions Actively Banking Marijuana-Related Businesses in the United States (Reported in SARs)



As of 30 September 2020, FinCEN had received a total of 156,598 SARs using the key phrases associated with MRBs. Several of the SARs contain more than one key phrase, which accounts for the numbers for each key phrase being greater than the total.

- FinCEN received 118,767 SARs from filers using the key phrase “Marijuana Limited.”
- FinCEN received 11,672 SARs from filers using the key phrase “Marijuana Priority.”
- FinCEN received 34,965 SARs from filers using the key phrase “Marijuana Termination.”

<sup>1</sup> FinCEN’s 2014 guidance specifies three phrases for describing a financial institution’s relationship to MRBs in SARs:

- The **Marijuana Limited** filing means the financial institution’s due diligence indicates that the MRB does not raise any of the red flags as defined in the Cole Memo and is compliant with the appropriate state’s regulations regarding marijuana businesses. The financial institution is providing banking services to the MRB.
- The **Marijuana Priority** filing means the financial institution’s due diligence indicates that the MRB may raise one or more of the red flags as defined in the Cole Memo or may not be fully compliant with the appropriate state’s regulations regarding MRBs. The financial institution is providing banking services to the MRB while further investigation is being conducted.
- The **Marijuana Termination** filing means the financial institution’s due diligence indicates that the MRB raises one or more of the red flags as defined in the Cole Memo, or is not fully compliant with the appropriate state’s regulations regarding MRBs, or has decided not to have marijuana related customers for business reasons, and the financial institution has decided to terminate its relationship with the MRB.

Note: The SAR reporting structure laid out in the 2014 guidance remains in place. FinCEN will continue to work closely with law enforcement and the financial sector to combat illicit finance, and we will notify the financial sector of any changes to FinCEN’s SAR reporting expectations.

<sup>2</sup> (U) Joint Guidance on Providing Financial Services to Customers Engaged in Hemp-Related Businesses issued on 3 December 2019, <https://www.fincen.gov/sites/default/files/2019-12/Hemp%20Guidance%20%28Final%2012-3-19%29%20FINAL.pdf>.