

UNITED STATES DEPARTMENT OF THE TREASURY



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# *Strategic* 2014-2018 *Plan*





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# *Strategic* *2014-2018 Plan*



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# Message from the Director

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**T**he fiscal years 2014-2018 Strategic Plan for the Financial Crimes Enforcement Network (FinCEN) illustrates the broad role we play in safeguarding the financial system from illicit use and combating

money laundering and promoting national security. As both the financial intelligence unit (FIU) for the United States (U.S.) and the federal government's primary anti-money laundering/countering the financing of terrorism (AML/CFT) regulator, FinCEN draws on a broad range of capabilities in technology, intelligence analysis, liaison, enforcement, and policy development to perform its work. Additionally, strong public-private sector partnerships are crucial for us to achieve success. They serve as the foundation for protecting the financial system and national security.

The nation's financial institutions play a vital role in safeguarding the financial system. FinCEN depends on financial institutions to provide Bank Secrecy Act (BSA) reports as a source of financial intelligence and to implement strong controls that will prevent illicit funds from traveling through our financial system. Some of the threats we are focusing on at FinCEN include cyber threats, transnational organized crime,

fraud against U.S. government programs, and transnational security threats, such as rogue regimes, terrorist organizations, and kleptocrats. These are serious threats to our country, people, businesses, and communities, and the integrity and transparency provided by responsible financial institutions creates a strong defense against these threats.

The regulations, guidance, and advisories issued by FinCEN help financial institutions identify and manage risk; provide valuable information to law enforcement; and create the financial transparency required to deter, detect, and punish those who would abuse the financial system. We have to work together to ensure laws and corresponding oversight are designed to address the spectrum of risks that we face, including risks posed by innovations in technology and financial products. Although innovations within the financial services industry are a benefit to commerce on many levels, they also pose new risks and vulnerabilities to the financial system. Through outreach, we can design the appropriate controls to safeguard the financial system in an atmosphere that also enables innovation to thrive.

FinCEN is a leader in the analysis of financial intelligence. The bureau employs advanced analytics and other methodologies against large volumes of data to produce actionable intelligence for its many partners. When this analysis also informs the strategic use of our regulatory

enforcement authorities and targeted financial measures, we send a compelling message to institutions and individuals who choose to operate outside of the law. We will continue to hold accountable those institutions and individuals that allow financial institutions to be vulnerable to money laundering, terrorist financing, and other illicit financial activity. We are particularly cognizant of our role with regard to nonbank financial institutions, such as

casinos and money services businesses, for which we serve as the sole civil enforcement authority of the BSA.

FinCEN's talented team is dedicated to the fight against money laundering and terrorist financing. Working together with industry, law enforcement, regulators, and foreign partners, we have an incredible opportunity to serve the public and protect the financial system.

Sincerely,

**Jennifer Shasky Calvery**  
FinCEN Director



# Mission

**Safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.**

**F**inCEN is a bureau in the U.S. Department of the Treasury. The Director of FinCEN is appointed by the Secretary of the Treasury and reports to the Under Secretary for Terrorism and Financial Intelligence (TFI). TFI defends the integrity of the financial system against abuse by illicit actors and promotes key U.S. foreign policy and national security objectives. Together, TFI and FinCEN work to preempt the flow of money to terrorist groups, drug traffickers, and other criminals that pose a threat to our nation's security.

FinCEN was established in 1990 to centralize expertise on the U.S. and international financial systems. Specifically, FinCEN's role was to analyze and disseminate information to law enforcement at the federal, state, local, and international levels for the purpose of detecting and deterring money laundering and other financial crime. In 1994, FinCEN was given responsibility to implement and administer the Treasury

Department's regulations requiring financial institutions to keep records and to report certain financial transaction information to enable law enforcement to follow the money trails. These regulations primarily implement the legislative framework commonly referred to as the Bank Secrecy Act (BSA) and Title III of the USA PATRIOT Act of 2001, and are crucial to making the U.S. financial system more resistant to criminal abuse.

Today, FinCEN serves as both the financial intelligence unit (FIU) for the U.S. and the federal government's primary anti-money laundering/countering the financing of terrorism (AML/CFT) regulator. In carrying out its mission, FinCEN has numerous statutory areas of responsibility:

- Developing and issuing regulations under the BSA.

- Enforcing compliance with the BSA through enforcement actions as the AML/CFT civil regulator across numerous financial industries, including the sole regulator for several critical industries, and in partnership with law enforcement and other regulatory partners.
- Receiving millions of new financial reports each year and maintaining a database of over 170 million reports.
- Analyzing and disseminating financial intelligence to federal, state, and local law enforcement, federal and state regulators, foreign FIUs, and industry.
- Maintaining a network of information sharing with FIUs in more than 140 partner countries.

The BSA covers a broad range of U.S. financial institutions -- including depository institutions; money services businesses; casinos; insurance companies; institutions in the securities and futures sector; dealers in precious metals, stones and jewels; non-bank residential mortgage lenders and originators; and providers and sellers of

prepaid access. The BSA requires financial institutions to institute effective AML/CFT programs, maintain records, and file reports with FinCEN. FinCEN analyzes this information and other information required to be filed by certain individuals, and shares it with partner agencies to help combat money laundering, terrorist financing, and other threats to national security.

As the nation's FIU, FinCEN serves as the central, national agency responsible for receiving, analyzing, and disseminating financial intelligence to combat money laundering and terrorist financing. Most countries have their own national FIU performing functions similar to those of FinCEN, as it is considered a global standard in the fight against money laundering and terrorist financing. In 1995, FinCEN joined FIUs from several other countries to establish the Egmont Group of FIUs dedicated to facilitating increased information sharing for FIU and law enforcement investigations. FinCEN continues to play a leadership role in the Egmont Group by providing the secure Web system through which members can exchange information, and actively working with other FIUs to understand illicit financial flows and trends.

The table below illustrates how FinCEN's Strategic Plan links with the Department of the Treasury Strategic Plan.

Treasury Strategic Plan	FinCEN Strategic Plan
<b>Strategic Goal 4:</b> Safeguard the financial system and use financial measures to counter national security threats	<b>Strategic Goal 1:</b> Safeguard the financial system from evolving money laundering and national security threats  <b>Strategic Goal 2:</b> Maximize sharing of financial intelligence by and between FinCEN and its domestic and foreign partners in government and private industry
<b>Objective 4.1:</b> Identify priority threats to the financial system using intelligence analysis and outreach to the financial sector	<b>Objective 1.3:</b> Use research, analysis, and advanced analytics to identify and explain priority threats to the financial system  <b>Objective 2.1:</b> Implement and manage programs to effectively network, coordinate, and share financial intelligence between FinCEN and its domestic and foreign partners in government and private industry  <b>Objective 2.2:</b> Develop and support effective technology systems to collect and analyze financial intelligence from private industry and share it with domestic and foreign government partners
<b>Objective 4.2:</b> Develop, implement, and enforce sanctions and other targeted financial measures	<b>Objective 1.2:</b> Implement and enforce AML/CFT regulatory authorities and employ targeted financial measures against priority threats
<b>Objective 4.4:</b> Protect the integrity of the financial system by implementing, promoting, and enforcing anti-money laundering and counterterrorism financing (AML/CFT) standards	<b>Objective 1.1:</b> Adopt strong AML/CFT regulatory safeguards  <b>Objective 1.2:</b> Implement and enforce AML/CFT regulatory authorities and employ targeted financial measures against priority threats
<b>Strategic Goal 5:</b> Create a 21st-century approach to government by improving efficiency, effectiveness, and customer interaction	<b>Management Goal – Strengthen Organizational Capabilities Through People and Technology</b>

## **Strategic Goal 1** *Safeguard the financial system from evolving money laundering and national security threats*

A range of threat actors – international terrorist organizations, transnational criminal organizations, cyber criminals, rogue regimes, kleptocrats, and fraudsters – seek to exploit the U.S. financial system to further their illicit activities and finance their operations. The practice underpinning their financial activities is money laundering, the process by which these dangerous organizations seek to disguise the source, ownership, nature, and purpose of their illicit funds. They do so using a variety of means and methods, many of which are rooted in a lack of transparency, such as the use of shell companies, intermediaries, nominees, anonymous payment systems, and third party money launderers. FinCEN works to discover, disrupt, and deter the financing of these dynamic threats and to safeguard the financial system from abuse.

### **Objective 1:** *Adopt strong AML/CFT regulatory safeguards*

FinCEN designs regulations to defend the financial system from being exploited for money laundering, terrorist financing, and other financial operations and activities that pose a threat to U.S. national security. FinCEN's regulations serve to increase transparency in the financial system by

focusing on the risks that expose it to abuse. They require financial institutions and certain individuals to submit reports on specific transactions or accounts, which serve as a valuable source of information in confronting evolving money laundering and national security threats. FinCEN engages all stakeholders to understand these threats, and strike the right balance between costs and benefits of regulation.

FinCEN also develops guidance and administrative rulings for the financial industry to clarify their responsibilities, and works with law enforcement and other partners to issue advisories to financial institutions on priority threats. Finally, as a regulatory organization, FinCEN is called upon to work with counterparts in TFI and other agencies to develop and implement policy strategies to address AML/CFT vulnerabilities and to discover, disrupt, and deter the financing of threats to U.S. national security.

### **Evaluating Progress:**

A potential example for assessing progress includes feedback from stakeholders on the value of financial reporting collected and disseminated by FinCEN.

**Objective 2:** *Implement and enforce AML/CFT regulatory authorities and employ targeted financial measures against priority threats*

When financial institutions do not effectively implement AML/CFT safeguards and their compliance suffers, threat actors freely exploit the financial system to finance their operations and activities. In these situations, it is government's responsibility to take the appropriate enforcement action to ensure compliance and a properly defended financial system. FinCEN employs an intelligence-driven approach to focus compliance efforts in priority areas, and proactively investigates and exercises the full range of its authorities to disrupt money laundering, terrorist financing, and other illicit operations through our financial system.

The BSA provides FinCEN with broad authority to impose civil money penalties against domestic financial institutions, along with the partners, directors, officers and employees of such entities who willfully participate in misconduct; and to obtain injunctions against institutions and individuals it believes are involved in violations of the BSA. FinCEN also has authority to impose targeted financial measures to limit

exposure of the U.S. financial system to foreign jurisdictions and financial institutions of primary money laundering concern and to collect targeted financial intelligence.

By using all of the tools under FinCEN's authority, the bureau holds accountable financial institutions and individuals that choose to ignore their responsibilities and operate outside of the law. To achieve this, FinCEN proactively identifies suspected, compromised financial institutions, third party money launderers, and terrorist financiers for investigation; investigates referrals from other government agencies performing AML/CFT examinations at financial institutions; and identifies and investigates unauthorized disclosures of the sensitive financial reporting collected by FinCEN.

**Evaluating Progress:**

Potential examples for assessing progress include feedback from AML/CFT supervisors on how FinCEN's enforcement actions have impacted compliance by covered financial institutions, and the number of targeted financial measures that deny priority illicit actors access to the financial system.

## Strategic Goal 1

**Objective 3:** *Use research, analysis, and advanced analytics to identify and explain priority threats to the financial system*

FinCEN analyzes the financial reporting it collects, together with other information, to map illicit finance networks; identify compromised financial institutions and jurisdictions; and understand the current methods and schemes used by priority threat actors to finance their operations and activities. This analysis enables FinCEN to provide timely and impactful insight to its customers on money laundering trends and indicators, as well as critical intelligence to enable its customers to target priority threats and their illicit finance networks. FinCEN has a diverse range of customers for its analytical products and research, including law enforcement, regulators, foreign FIUs, and the financial industry, each of whom play a critical role in safeguarding the financial system, combating money laundering, and countering the financing of terrorism.

A critical component of FinCEN's analysis program moving forward will be the use of statistical and advanced analytics to identify relevant patterns and outliers in the reporting. These efforts will capitalize on the recent completion of a multi-year information technology modernization program at FinCEN that included transitioning the financial industry to the electronic filing of its reports and the provision of advanced analytics tools to FinCEN analysts.

**Evaluating Progress:**

A potential example for assessing progress includes feedback from stakeholders on the value of FinCEN's analytic products. The bureau has increased its emphasis on producing products that are focused on priority threats to the U.S. financial system.



## **Strategic Goal 2** *Maximize sharing of financial intelligence between FinCEN and its domestic and foreign partners in government and private industry*

Unraveling the financial networks that support illicit and dangerous organizations and safeguarding the financial system requires coordinated effort by many domestic and foreign partners in government and private industry. As the federal government's primary AML/CFT regulator, the FIU for the U.S., and a leading member of the Egmont Group of foreign FIUs, FinCEN is uniquely positioned to foster strong partnerships and maximize the sharing of financial intelligence among industry, regulators, law enforcement, and foreign partners. FinCEN uses a robust set of programs and information technology systems to achieve this goal.

### **Objective 1:** *Implement and manage programs to effectively network, coordinate, and share financial intelligence between FinCEN and its domestic and foreign partners in government and private industry*

FinCEN runs a number of programs to ensure that all of its public and private partners are effectively networking, coordinating, and sharing financial intelligence, including:

- **Bank Secrecy Act Advisory Group:** FinCEN operates this congressionally established forum for industry, regulators, and law enforcement to communicate at a strategic level about how law enforcement agencies use FinCEN reports and how recordkeeping and reporting requirements can be improved.
- **314 Information Sharing Program:** FinCEN facilitates information exchange among financial institutions and between FinCEN, financial institutions, and law enforcement.
- **Data Access, Training, and Inspection Program:** FinCEN provides over 10,000 authorized law enforcement and regulatory users with direct access to the financial reporting collected by FinCEN, trains users how to properly utilize and safeguard the information, and inspects agency compliance in securing the information.
- **Regulatory Helpline:** FinCEN operates a helpline for financial institutions and individual filers needing guidance or clarification on their BSA reporting and recordkeeping requirements, or needing to immediately report suspicious activity.
- **Terrorism Hotline:** FinCEN offers a terrorism hotline to financial institutions to notify appropriate law enforcement authorities of national security concerns.
- **Foreign FIU Program:** FinCEN maintains relationships with more than 140 foreign FIUs, exchanging financial intelligence using the Egmont Group process, entering into multilateral operational engagements, providing training and mentoring, and serving as a leader in the operation of the Egmont Group.

## Strategic Goal 2

- Regulatory Exchange Program: FinCEN operates a program to exchange AML/CFT compliance information with federal, state, and foreign regulators with whom it has memorandums of understanding.

### Evaluating Progress:

A potential means for assessing progress is to determine if FinCEN's information sharing has assisted stakeholders in carrying out their organization's responsibilities. FinCEN tracks efforts to share financial intelligence with all of its stakeholders, including private industry, regulators, law enforcement, and foreign FIUs.

**Objective 2:** *Develop and support effective technology systems to collect and analyze financial intelligence from private industry and share it with domestic and foreign government partners*

FinCEN is an information-driven organization and must continually develop and support effective technology systems to serve and communicate with a diverse group of partners. Fully integrated, secure, and high-performing systems based on proven technology are critical to FinCEN's operations and those of its partner organizations.

Starting with industry, FinCEN collects and maintains financial reports filed by financial institutions and other filers. In turn, FinCEN provides internal partners (including TFI), and external law enforcement and regulatory partners access to a query system containing over 10 years of financial reporting; provides internal users with the technology tools to conduct advanced analytics; and provides foreign FIUs in the Egmont Group with a secure system for exchanging financial intelligence.

### Evaluating Progress:

A potential means for assessing progress is through feedback from stakeholders on their satisfaction with FinCEN information sharing systems, such as BSA E-Filing, FinCEN Query, and the Egmont Secure Web.



## **Management Goal** *Strengthen Organizational Capabilities Through People and Technology*

FinCEN develops and implements various programs to maximize the effectiveness of each division and employee. Our employees are motivated by FinCEN's mission and service to their country. As an information-driven organization, FinCEN leverages advances in information technology to ensure its employees have the necessary tools to fulfill the bureau's mission. Well prepared and equipped employees are motivated to achieve key results and provide exceptional service.

The bureau has programs to recruit new employees and promote development of existing employees, such as leadership development, mentoring, and rotational assignments. These programs allow employees to work across organizational lines and obtain a more global perspective of the bureau's operations. In addition, these programs provide critical opportunities for information sharing, prepare employees for advancement, and promote employee engagement and satisfaction.

FinCEN has programs in place to ensure efficient use of resources, including effective budget planning and execution, and performance measurement. The bureau achieves results in a cost effective manner, establishes clear performance objectives and metrics, and adheres to applicable Treasury and Office of Management and Budget policy and reporting requirements.

FinCEN also has programs to ensure a safe and environmentally-friendly workplace. These programs focus on personal safety of employees, emergency preparedness in the event of a disaster, and sustainable work practices to preserve the environment, including the use of alternative-fuel vehicles, recycling, and telework.

### **Evaluating Progress:**

Progress can be assessed through various indicators such as hiring time, employee satisfaction surveys, telework rates, and environmental impact.

# External Factors

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**I**n planning the strategic direction for the next five years, FinCEN considered the potential impacts of factors outside its controls and how they might affect its ability to accomplish this plan. These factors are summarized below.

- **Fiscal Environment:** In an environment focused on deficit reduction, FinCEN contributes to efforts across all levels of government to leverage and focus resources to address areas of greatest risk and return on investment. FinCEN will work with the Department of the Treasury, other agencies, and Congress to fulfill its mission while ensuring that its resources are allocated in an efficient and effective manner.
- **Legislation:** Like other Federal organizations, FinCEN may be subject to new legislative requirements. To meet changing mandates, FinCEN staff will stay abreast of legislative proposals that could affect the financial and AML/CFT regulatory framework as well as internal operations. Such diligence will help FinCEN respond quickly and responsibly to new legislative direction.
- **Technology:** Technological advancement offers the opportunity to increase efficiencies and provide better services using fewer taxpayer resources. Technology also facilitates innovation in financial products and services, as well as in the ways criminals attempt to abuse them. FinCEN will continue its efforts to keep abreast of changes and to modernize the information technology systems utilized both internally and with external partners for the collection, processing, analysis, dissemination, and protection of information.
- **Data Security:** Data security is a top priority for FinCEN given the sensitive information it manages. The bureau must ensure the secure collection and dissemination of information reported by financial institutions, and protect information shared among external partners, especially in law enforcement and regulatory agencies. FinCEN is committed to maintaining systematic and reliable processes for protecting the integrity of the data it collects and for ensuring that all users properly safeguard and utilize the data.
- **National Security Threats and Financial Crime:** FinCEN plays a key role in TFI's efforts to address risks of financial crime and associated threats to national security. Illicit actors will continue to try to avoid detection and to exploit vulnerabilities in a highly dynamic and global financial system. FinCEN is committed to continuing its analysis to identify trends, patterns, and vulnerabilities in the U.S. and international financial systems, and will continue to utilize regulatory tools to mitigate evolving risks, particularly with new financial products or services.



[www.fincen.gov](http://www.fincen.gov)