

## CURRENCY TRANSACTION REPORTING

**Objective:** *Assess the bank's compliance with the BSA regulatory requirements for currency transaction reporting.*

### Regulatory Requirements for Currency Transaction Reporting

This section outlines the regulatory requirements for banks found in 31 CFR Chapter X regarding reports of transactions in currency. Specifically, this section covers:

- [31 CFR 1010.310](#)
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- [31 CFR 1010.314](#)

### Filing Obligations

A bank must electronically file a Currency Transaction Report (CTR) for each transaction in currency<sup>1</sup> (deposit, withdrawal, exchange of currency, or other payment or transfer) of more than \$10,000 by, through, or to the bank.<sup>2</sup> These currency transactions need not be reported if they involve “exempt persons,” a group which can include commercial customers meeting specific criteria for exemption.<sup>3</sup> Refer to the [Transactions of Exempt Persons](#) section for more information.

### Identification Required

A bank must verify and record the name and address of the individual presenting a transaction, as well as record the identity, account number, and Social Security or taxpayer identification number, if any, of any person or entity on whose behalf such a transaction is conducted. Verification of the identity of an individual who indicates that he or she is an alien or is not a resident of the United States must be made by passport, alien identification card, or other official document evidencing nationality or residence (e.g., a provincial driver's license with indication of home address). Verification of identity in any other case must be made through a document, other than a bank signature card, that is normally acceptable as a means of identification when cashing checks for nondepositors (e.g., a driver's license or credit card). A bank signature card may be relied upon only if it was issued after documents establishing the identity of the individual were examined and notation of the specific information was made on the signature

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<sup>1</sup> [31 CFR 1010.100\(m\)](#) defines currency as coin and paper money of the United States or any other country that is designated as legal tender and that circulates and is customarily used and accepted as a medium of exchange in the country of issuance. Effective July 1, 2012, FinCEN mandated electronic filing of certain BSA reports, including the CTR. [77 Fed. Reg. 12367](#). Forms to be used in making reports of currency transactions may be obtained from BSA E-Filing System ([31 CFR 1010.306\(e\)](#)).

<sup>2</sup> [31 CFR 1010.311](#).

<sup>3</sup> [31 CFR 1020.315](#).

card. In each instance, the specific identifying information (e.g., the driver's license number) used in verifying the identity of the customer must be recorded on the report. The mere notation of "known customer" or "bank signature card on file" on the report is prohibited.<sup>4</sup>

## Aggregation of Currency Transactions

For the purposes of currency reporting requirements, a bank includes all of its domestic branch offices<sup>5</sup> and, therefore, branch office transactions must be aggregated. Multiple currency transactions resulting in either cash in or cash out totaling more than \$10,000 during any one business day must be treated as a single transaction, if the bank has knowledge that they are conducted by or on behalf of any person. Deposits made at night or over a weekend or holiday must be treated as if received on the next business day following the deposit.<sup>6</sup> To comply with regulatory requirements, management must ensure that systems or practices appropriately aggregate currency transactions throughout the bank and report currency transactions subject to the BSA requirement to file CTRs.

Types of currency transactions subject to reporting requirements individually or by aggregation include, but are not limited to: deposits and withdrawals, automated teller machine (ATM) transactions, denomination exchanges, loan payments, currency transactions used to fund individual retirement accounts (IRAs), purchases of certificates of deposit, funds transfers paid for in currency, monetary instrument purchases, certain transactions involving armored car services,<sup>7</sup> and currency to or from prepaid access.

In cases where multiple businesses share a common owner, FinCEN guidance<sup>8</sup> states that the presumption is that separately incorporated entities are independent persons. This FinCEN guidance indicates that the currency transactions of separately incorporated businesses should not automatically be aggregated as being on behalf of any one person simply because those businesses are owned by the same person. It is up to the bank to determine, based on information obtained in the ordinary course of business, whether multiple businesses that share a common owner are, in fact, being operated independently depending on all the facts and circumstances. Consistent with this FinCEN guidance, if the bank determines that the businesses are independent, then the common ownership does not require aggregation of the separate transactions of these businesses.

However, if the bank determines that these businesses (or one or more of the businesses and the private accounts of the owner) are not operating separately or independently of one another or their common owner (e.g., the businesses are staffed by the same employees and are located at the same address, the bank accounts of one business are repeatedly used to pay the expenses of another business, or the business bank accounts are repeatedly used to pay the personal expenses

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<sup>4</sup> [31 CFR 1010.312](#).

<sup>5</sup> [31 CFR 1010.313\(a\)](#).

<sup>6</sup> [31 CFR 1010.313\(b\)](#).

<sup>7</sup> For additional information on CTR filing requirements for transactions conducted through armored car services, refer to FinCEN (July 12, 2013), FIN-2013-R001 "[Treatment of Armored Car Service Transactions Conducted on Behalf of Financial Institution Customers or Third Parties for Currency Transaction Report Purposes](#)."

<sup>8</sup> FinCEN (March 16, 2012), FIN-2012-G001 "[Currency Transaction Report Aggregation for Businesses with Common Ownership](#)."

of the owner), the bank may determine that aggregating the businesses' transactions is appropriate because the transactions were made on behalf of a single person. Consistent with this FinCEN guidance, once the bank determines that the businesses are not independent of each other or of their common owner, then the transactions of these businesses should be aggregated going forward.<sup>9</sup>

There are other BSA requirements that may aid banks in determining when transactions are “by or on behalf of” the same person, such as the requirement to identify the beneficial owners of legal entity customers.<sup>10</sup> To the extent this beneficial ownership information helps the bank determine that certain transactions had no apparent purpose other than to avoid triggering a CTR filing, the bank would need to consider whether filing a suspicious activity report (SAR) would be appropriate.<sup>11</sup> Refer to the [Beneficial Ownership Requirements for Legal Entity Customers](#) section for more information.

## Structured Transactions – CTR Requirements

Structuring transactions occurs when a person, acting alone or in conjunction with, or on behalf of, other persons, conducts or attempts to conduct one or more transactions in currency, in any amount, at one or more financial institutions, on one or more days, in any manner, for the purpose of evading the CTR requirements.<sup>12</sup>

Under the BSA, no person shall, for the purpose of evading a CTR reporting requirement:<sup>13</sup>

- Cause or attempt to cause a bank to fail to file a CTR.
- Cause or attempt to cause a bank to file a CTR that contains a material omission or misstatement of fact.
- Structure, assist in structuring, or attempt to structure any transaction with one or more domestic financial institutions.

Refer to [Appendix G: Structuring](#) for additional information. When a bank suspects that a person is structuring transactions to evade CTR filing, it must file a SAR.<sup>14</sup> Additionally, evading BSA reporting and recordkeeping requirements can result in civil and criminal penalties under the BSA.<sup>15</sup>

<sup>9</sup> *Id.*

<sup>10</sup> FinCEN (May 11, 2016), “[Customer Due Diligence Requirements for Financial Institutions: Final Rules](#),” 81 Fed. Reg. 29398, 29409 (May 11, 2016).

<sup>11</sup> *Id.* See also 12 CFR [208.62](#), [211.5\(k\)](#), [211.24\(f\)](#) and [225.4\(f\)](#) (Federal Reserve); [12 CFR 353.3](#) (FDIC); 12 CFR [748.1\(c\)](#) (NCUA); 12 CFR [21.21](#) and 12 CFR [163.180](#) (OCC).

<sup>12</sup> [31 CFR 1010.100\(xx\)](#).

<sup>13</sup> [31 CFR 1010.314](#). In addition to CTRs, this regulation also applies to other currency reporting requirements, such as Form 8300 or CMIR requirements, reporting or recordkeeping requirements imposed through a geographic targeting order, or recordkeeping requirements for funds transfers, transmittals of funds, and purchases of monetary instruments.

<sup>14</sup> [31 CFR 1020.320\(a\)\(2\)\(ii\)](#).

<sup>15</sup> [31 CFR 1010 Subpart H](#).

## Filing and Record Retention

All CTRs must be filed through [FinCEN's BSA E-Filing System](#).<sup>16</sup> Certain fields in the CTR are marked as “critical” for technical filing purposes; this means the BSA E-Filing System does not accept filings in which these fields are left blank. For these items, FinCEN filing instructions state that the bank must either provide the requested information or check “unknown.”<sup>17</sup>

FinCEN expects that banks will provide the most complete filing information available, consistent with existing regulatory expectations, regardless of whether the individual fields are deemed critical for technical filing purposes.<sup>18</sup> If the bank receives correspondence from FinCEN identifying data quality errors, it should follow any required actions that FinCEN outlines in the correspondence. FinCEN has also issued several administrative rulings and other guidance on filing and completing CTRs.<sup>19</sup>

A completed CTR must be electronically filed with FinCEN within 15 calendar days after the date of the transaction.<sup>20</sup> The bank must retain copies of CTRs for five years from the date of the report.<sup>21</sup> The bank may retain copies in either electronic format or paper copies.

FinCEN's BSA E-Filing System allows for tracking of filings. Users will receive acknowledgement notifications and other correspondence from FinCEN through the system regarding their filings. Examiners should consider reviewing correspondence from FinCEN's BSA E-Filing System to aid in their assessment of the bank's reporting of currency transactions.

## CTR Backfiling and Amendment

If the bank becomes aware, either through self-identification or through an examination, that it has failed to file CTRs on reportable transactions, or filed CTRs with errors, the bank must begin complying with CTR requirements. The bank may contact FinCEN's Resource Center to request a determination on whether to backfile unreported transactions or amend CTRs filed with errors.<sup>22</sup> In most cases, the bank can submit late CTRs and/or amended CTRs without the need to contact FinCEN for a backfiling or amendment determination. FinCEN has indicated, however, that in certain situations, the bank should consider contacting FinCEN (for example, if

<sup>16</sup> [31 CFR 1010.306\(a\)\(3\)](#).

<sup>17</sup> FinCEN (April 2020), “[FinCEN Currency Transaction Report \(CTR\) Electronic Filing Requirements](#).”

<sup>18</sup> FinCEN (March 29, 2012), FIN-2012-G002 “[Filing FinCEN's new Currency Transaction Report and Suspicious Activity Report](#).”

<sup>19</sup> FinCEN (Oct. 3, 2019), “[Frequently Asked Questions Regarding the FinCEN Currency Transaction Report](#).”

FinCEN (February 10, 2020), FIN-2020-R001 “[FinCEN CTR \(Form 112\) Reporting of Certain Currency Transactions for Sole Proprietorships and Legal Entities Operating Under a “Doing Business As” \(“DBA”\) Name](#).”

FinCEN (March 29, 2012), FIN-2012-G002 “[Filing FinCEN's new Currency Transaction Report and Suspicious Activity Report](#).”

FinCEN (August 23, 2001), FinCEN Ruling 2001-2 “[Currency Transaction Reporting: Aggregation](#).”

<sup>20</sup> [31 CFR 1010.306\(a\)\(1\)](#). Effective July 1, 2012, FinCEN mandated electronic filing of certain BSA reports, including the CTR. [77 Fed. Reg. 12367](#). Forms to be used in making reports of currency transactions may be obtained from BSA E-Filing System ([31 CFR 1010.306\(e\)](#)).

<sup>21</sup> [31 CFR 1010.306\(a\)\(2\)](#).

<sup>22</sup> Direct all inquiries to the FinCEN Resource Center by calling (800) 767-2825 or (703) 905-3591 or by e-mailing [FRC@fincen.gov](mailto:FRC@fincen.gov).

the bank is instructed to by its regulator,<sup>23</sup> if it is unclear whether the circumstances require backfiling or amending CTRs, or if the bank wants to request regulatory relief from submitting some or all of the CTRs). Once FinCEN provides a backfiling or amendment determination, the bank should follow the instructions for backfiling or amending CTRs on FinCEN's website.<sup>24</sup>

## Examiner Assessment of the CTR Process

Examiners should assess the adequacy of the bank's policies, procedures, and processes (internal controls) related to the bank's reporting of currency transactions. Specifically, examiners should determine whether these internal controls are designed to mitigate and manage ML/TF and other illicit financial activity risks and comply with CTR requirements. In addition to reviewing correspondence from FinCEN's BSA E-Filing System, examiners may review other information, such as recent independent testing or audit reports, to aid in their assessment of the bank's reporting of currency transactions.

Examiners should also consider general internal controls concepts, such as dual controls, segregation of duties, and management approval for certain actions, as they relate to the bank's reporting of currency transactions. For example, employees who complete CTRs generally should not also be responsible for the decision to file the reports. Other internal controls may include BSA compliance officer or other senior management approval for staff actions that override currency aggregation systems and review of exception reports for those overrides.

Examiners should determine whether the bank's internal controls for reporting of currency transactions are designed to assure ongoing compliance with CTR requirements and are commensurate with the bank's size or complexity and organizational structure. More information can be found in the [\*Assessing the BSA/AML Compliance Program - BSA/AML Internal Controls\*](#) section of this Manual.

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<sup>23</sup> FinCEN encourages a bank to notify its regulator if the bank identifies an issue with CTR reporting involving a systemic issue or a large number of filings.

<sup>24</sup> See "[Instructions for Backfiling or Amending Currency Transaction Reports](#)" on FinCEN's website.

## CURRENCY TRANSACTION REPORTING EXAMINATION AND TESTING PROCEDURES

**Objective:** *Assess the bank's compliance with BSA regulatory requirements for the reporting of currency transactions.*

1. Review the bank's policies, procedures, and processes that address the preparation, filing, and retention of CTRs. Determine whether the bank adequately addresses the requirements for preparing, filing, and retaining CTRs.
2. Review correspondence that the bank has electronically received from FinCEN's BSA E-Filing System. Determine the significance of any errors reported by FinCEN and whether management has taken corrective action, when necessary.
3. Review the information technology sources, systems, and processes the bank uses to identify transactions that may be required to be reported in a CTR. Determine whether the bank appropriately aggregates currency transactions, including throughout bank branch offices.
4. Determine whether the bank's internal controls are designed to assure ongoing compliance with CTR requirements and are commensurate with the bank's size or complexity and organizational structure. This may include reviewing processes for overriding currency aggregation systems.
5. Select a sample of filed CTRs (electronic format or paper copies) to determine whether:
  - CTRs are filed in accordance with FinCEN instructions for currency transactions identified by the information technology sources, systems, and processes the bank uses.
  - CTRs are filed within 15 calendar days after the date of the transaction(s).
  - CTRs filed contain accurate and complete information. Determine whether management has taken corrective action when errors are identified internally or by FinCEN's BSA E-Filing System.
  - Any discrepancies exist between the bank's records of CTRs and the CTRs reflected in the BSA reporting database.
  - The bank retains copies (electronic format or paper copies) of CTRs for five years from the date of the report.
6. On the basis of examination and testing procedures completed, form a conclusion about the adequacy of policies, procedures, and processes the bank has developed to meet BSA regulatory requirements associated with reporting of currency transactions.