

## Banking Regulatory Compliance Checklist

*27 Essential Steps for Bank Regulatory Success*



Financial service businesses in general—including **banks** in particular—have a plethora of applicable regulations spanning different areas of their operations, from licensing to reporting, and even training. The following banking regulatory compliance checklist is designed to help banks ensure they are meeting *all* of the applicable regulations and are operating within guidelines to keep the institution—and its customers—safe.

### Licensing and Supervision

To legally operate, banks require licensing and regulatory oversight. This makes acquiring a proper license and connecting with a **regulatory agency** two of the most important—and first—tasks for a bank to do.

- ☐ Obtain proper licensing
- ☐ Register with a regulatory agency for supervision

### Build a Regulatory Framework

The success of a bank's regulation efforts often depends on the plan they've outlined for themselves. Without a clear operational framework for how to assess and manage applicable regulations, banks will struggle to meet their regulatory requirements.

- ☐ Perform a risk assessment
- ☐ Get buy-in and guidance from executives and management
- ☐ Establish clear policies and procedures for team members to follow
- ☐ Write out these policies and make them accessible to team members

## Capital Adequacy and Risk Management

To keep their customers protected, banks need to have their own protections in place. To actually provide banking services to customers, banks need to have a certain amount of cash on-hand and in reserves and ensure this amount is managed effectively.

- ☐ Meet capital and reserve requirements
- ☐ Obtain adequate deposit insurance

## Financial Reporting and Disclosure Requirements

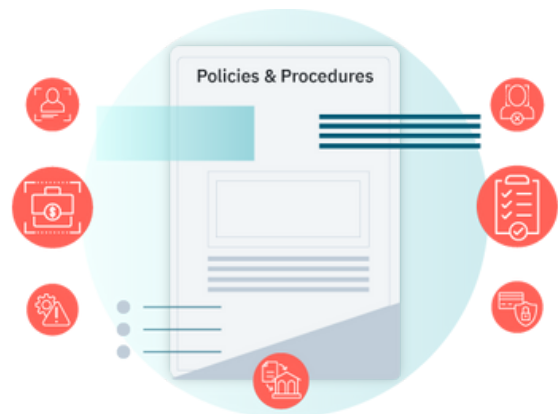
Compliance is an ongoing process, and banks are responsible for regularly reporting their financial standing to regulators to ensure they meet their compliance requirements. Organizations need to disclose their finances and be transparent with regulators—and their customers—about their performance.

- ☐ Disclose bank finances through financial statements
- ☐ Obtain a credit rating and disclose it to investors
- ☐ Restrict disproportionate exposure to high-risk investments

## Consumer Data Privacy and Protection

Credit unions—like all financial institutions—are responsible for not only their customers' money but also their sensitive personal and financial information. Credit unions are required to follow consumer data privacy and protection laws to keep customer information safe and secure.

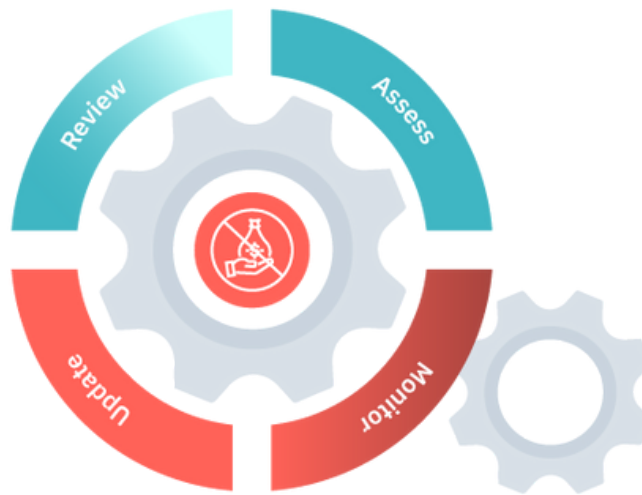
- ☐ Use clear messaging for financial products, including interest rates and fees
- ☐ Respect limits on check holds



## Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF)

Fraudsters go where the money is—unfortunately, this means banks are constant targets of fraud, money laundering, **terrorist financing**, and other **financial crimes**. To safeguard against this, banks need to have robust **AML and CTF policies and programs** that protect against these threats.

- ☐ **Develop an AML program** as part of your banking regulatory compliance framework
- ☐ Perform **customer due diligence**
- ☐ Perform **enhanced due diligence**
- ☐ Perform **sanctions** screening
- ☐ **Monitor transactions** and other customer activity
- ☐ Submit **suspicious activity reports (SARs)**



## Internal Controls and Audits

Just as compliance regulations change, so too should the bank's regulatory program. The best way to combat fraud and stay compliant with AML and other regulations is to identify weaknesses and fix them.

- ☐ Establish internal controls for team members to follow
- ☐ Conduct internal audits
- ☐ Have external audits conducted

## Outsourcing and Vendor Management

Financial services are a complex industry, and it's extremely costly for organizations to build and manage their own systems entirely on their own. Most companies rely on **third-party integrations** and vendor partnerships to round out their offerings and ensure they operate efficiently—this requires good partner selection and relationship management.

- ☐ Establish a vendor approval and adoption process
- ☐ Ensure all vendors meet regulatory requirements of the bank

## Training and Awareness

Banks—like most financial institutions—are only as good as the team members working for them. Even the best risk and compliance programs will fall short if team members don't properly follow policies and enforce requirements.

- ☐ Develop training and reference materials
- ☐ Perform training at onboarding and refresh training periodically
- ☐ Community reinvestment

## Maintain Banking Regulatory Compliance with Unit21

Regulatory compliance is a lot easier when you can rely on **Regtech solutions** to help teams manage their workload. Learn how Unit21's risk and compliance infrastructure—complete with **Transaction Monitoring** and **Case Management**—can empower your **bank** to meet regulatory compliance requirements and prevent fraud and money laundering.

**Schedule a demo today** to learn how Unit21 can support your regulatory compliance efforts.

For more information on meeting regulatory requirements, check out the **full version of this checklist online**.