

*FDIC Advisory Committee
on Economic Inclusion*

*Prepaid Program
Regulatory Requirements*

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Prepaid Access Program

Covered

- ✓ Closed Loop > \$2,000
- ✓ Open Loop > \$1,000
- ✓ Open Loop with international capabilities, no minimum
- ✓ Open Loop with person to person capabilities, no minimum
- ✓ Open loop with non-depository loads, no minimum

Non-Covered

- ✓ Closed Loop ≤ \$2,000
- ✓ Government Funded
- ✓ Flexible Spending and Dependent Care Funded
- ✓ Open Loop ≤ \$1,000 with no international capabilities, or loads from non-depository sources
- ✓ Employment wages with no international capabilities, person to person, or loads from non-depository source

The illustrations utilized in this presentation are intended to depict how FinCEN's regulations might apply to a possible situation, not a binding determination on any actual program or set of transactions.

Regulatory Requirements

Banks

- ✓ Develop and implement a BSA/AML Compliance Program
- ✓ Report Suspicious Activity
- ✓ Customer Identification Program
- ✓ Maintain Transactional Records

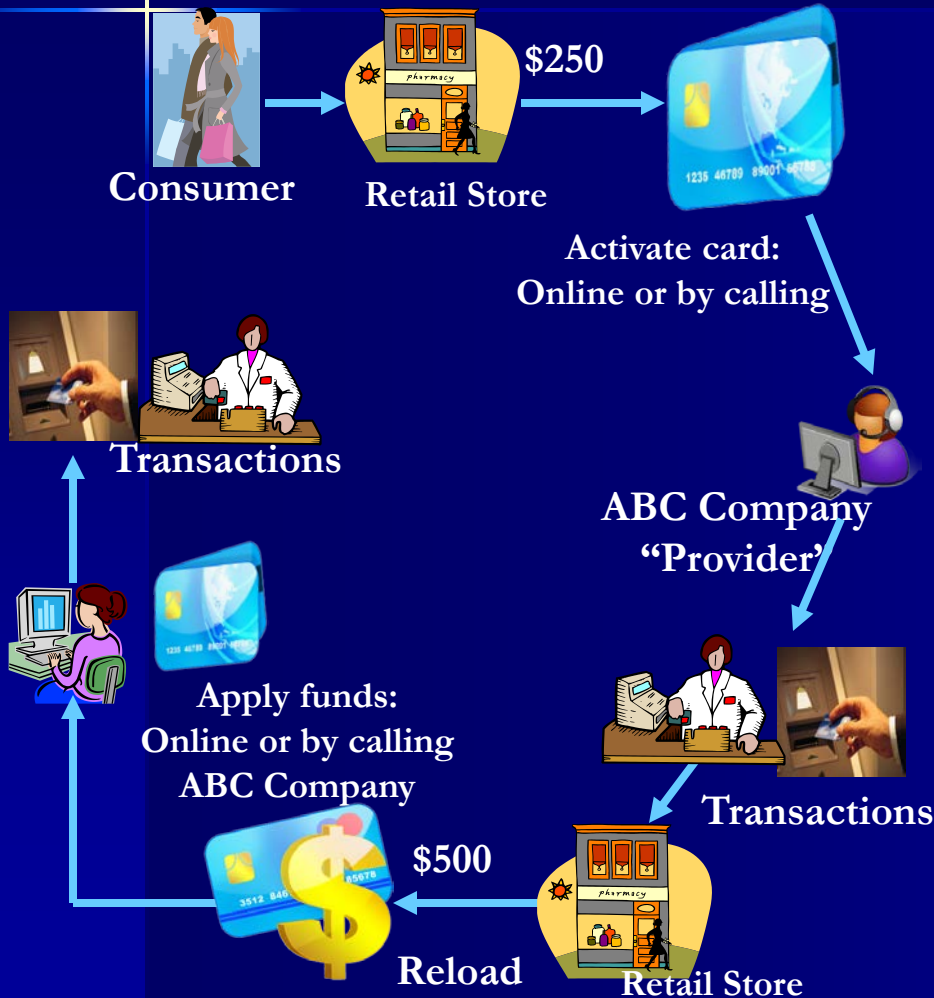
“Providers” and “Sellers” of “Covered” Prepaid Access

- ✓ Develop and implement a BSA/AML Compliance Program
- ✓ Report Suspicious Activity
- ✓ Collect & Verify Customer Information
- ✓ Maintain Transactional Records

“Providers” of “Covered” Prepaid Access

- ✓ Register as a Money Services Business with FinCEN

“Covered” Prepaid Access arrangement/device



Does BSA Apply?

Open loop card that allows non-depository loads (i.e., through a retail store) is a “covered” device under the BSA

Verification of customer identity is required prior to use of the card

Retail Store has reasonably adapted procedures to prevent sale > \$10,000

Retail Store is not considered a “Seller” under the BSA in this scenario

ABC Company agreed to be the “Provider” of prepaid and is therefore subject to BSA. Regulatory requirements would apply.

“Covered” Prepaid Access arrangement/device

Parties to this Prepaid Program



Prepaid Program



Does BSA Apply?

Open loop card that allows non-depository loads (i.e., through a retail store) is a “covered” device under the BSA

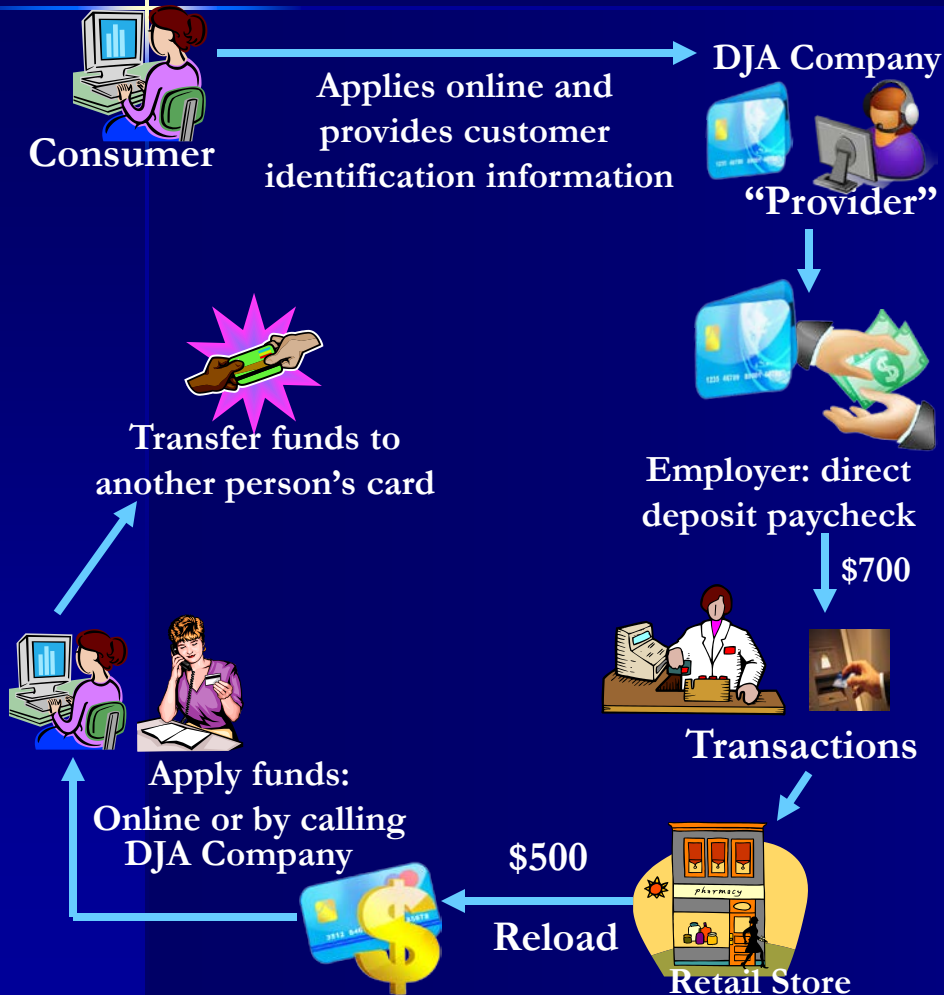
Verification of customer identity is required prior to use of the card

Retail Store has reasonably adapted procedures to prevent sale > \$10,000

Retail Store is not considered a “Seller” under the BSA in this scenario

The issuing bank has primary oversight of prepaid program. The bank is not a “provider” of prepaid. The issuing bank is subject to BSA requirements.

“Covered” Prepaid Access arrangement/device



Does BSA Apply?

An open loop card that allows non-depository loads (i.e., through a retail store) and person to person transfers is a “covered” device under the BSA

Verification of customer identity is required prior to use of the card

Retail Store has reasonably adapted procedures to prevent sale > \$10,000

Retail Store is not considered a “Seller” of prepaid under the BSA in this scenario

DJA Company agreed to be the “Provider” of prepaid and therefore is subject to BSA. Regulatory requirements would apply.