



Enhanced Due Diligence: The Next Level of Risk Protection

**By Cindy Hagan, senior consultant, compliance services
Sollievo Group, LLC**

It's something you do for all members, new and old. You collect information from the member and verify it to make sure your credit union isn't exposed to a significant risk of money laundering or terrorist financing. You're performing due diligence.

But what about a member who manages large amounts of cash, or an account with multiple owners? These members are considered higher-risk and should be subjected to a more in-depth type of screening referred to as enhanced due diligence.

Enhanced due diligence is member due diligence 2.0. It allows your credit union to delve deeper into a member's background to get a better sense of why they are high risk.

As part of enhanced due diligence, you should inquire about the following information (as laid out by the FFIEC manual) during account opening:

- Purpose of the account.
 - Source of funds and wealth.
 - Individual with ownership or control over the account.
 - Occupation or type of business (of members or other individuals with ownership/control).
 - Financial statements.
 - Banking references.
 - Where the business is organized.
 - Proximity of member's residence, place of employment or place of business to your credit union.
 - Description of the member's primary trade area and use of international transactions.
 - Description of business operations, anticipated volume of currency and sales and a list of major customers and suppliers.
 - Explanations for changes in account activity.
-



But enhanced due diligence goes far beyond gathering additional information. As with any type of due diligence, risk monitoring and awareness is an ongoing process. However, higher-risk members should be monitored more closely to ensure their activity is not abnormal or suspicious.

Consistent member due diligence is a necessary process for any credit union. When the stakes are high, enhanced due diligence is the next level of risk protection for your credit union.

For more information on our compliance services, please contact one of our senior consultants at seniorconsultant@sollievo.com or call (855) 605-5664.

About Cindy Hagan

Ms. Hagan has over 15 years in retail banking where she spent several years managing the BSA/AML and Fraud area. Ms. Hagan administers and coordinates the bank secrecy act/anti-money laundering program to ensure compliance with federal regulations, NCUA, and the industry standards of the FFIEC's BSA/anti-money laundering examination manual.

About Sollievo

Sollievo Group, LLC is a wholly owned CUSO of Mid-Atlantic Corporate Federal Credit Union located in Middletown, PA. Sollievo (pronunciation: sol' ljevo), an Italian word that means relief, offers a comprehensive collection of risk-management products and services to credit unions. Sollievo's mission is to provide peace of mind and help meet compliance obligations and improve the overall risk posture of credit unions. Services include enterprise risk management, information security services, training, business continuity services, and more. For more information, please visit www.sollievo.com.
