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Kathleen Kraninger,
Director, CFPB

Isn't It Nice To Be Welcomed?

Get to Know Your Customer to Enhance Your BSA/AML Compliance and Business

BY MITCHELL LEVY

Everyone likes to be greeted by their name, welcomed with a smile and be known where they shop, eat and spend money. When you go to the same restaurant, drug store, hair salon and dry cleaners—they greet you by name and you feel very welcomed, you enjoy going there, and so you keep going back.

Your customers are no different. You see most of them several times a week. Take the extra minute and get to know each and every

one of them. Call them by their first name; build a real face-to-face “Know Your Customer” (KYC) program. It is exactly what it says, “Know Your Customer.” It is really simple, just get to know your customers. It is actually a requirement of your BSA/AML program. You will be building an enhanced KYC program without knowing it. In the meantime, these customers will begin to feel more welcomed, more comfortable, and happier to do business with you. They will want to do more business with you. You will know them so well, and understand their financial habits and needs, you will be able to offer other financial services to them that will help their life and build your business at the same time. If you do not take the time to know your customers, you will not know what they need.

Teach your staff to engage customers in a way that they would want to be treated. Let

your staff see you interact with each customer and how you get to know them. Lead by example; your staff will start doing the same thing. I never walked into any of my own MSB locations without saying hello to all the customers in the lobby; it did not matter if I had never seen them before or if they were regulars. I wanted to make them feel as welcomed as I could, as they would become my regulars; it worked.

A good KYC program will increase your business, while at the same time adhere to BSA/AML compliance requirements and help you detect reportable and suspicious activity. An MSB location with a good KYC program will know the frequency and amount of transactions performed by each of their customers. It will have developed an intimate knowledge of each customer and the transactions they perform. As time goes on, the MSB will be able to analyze the customer’s habits and expectations and build a stronger, enhanced KYC program naturally. The customers will start asking you and your staff for advice on financial transactions and other products and services they have never inquired about before. They will feel welcomed.

Instead of looking at your KYC program as just another BSA/AML Policy & Procedures requirement to adhere to, make it natural and part of your everyday interaction with your customers. You will know what their normal and customary transactions are, and when they move away from this norm, the red flags will pop up instantly. You will have built a strong KYC program. Be friendly. Be compliant. Be profitable.

Know your customers. And don't forget to SMILE. ■

Mitchell Levy is a Certified Anti-Money Laundering Specialist and the founder of The Compliance Organization. Levy has been active in the MSB industry for more than 20 years as an owner/operator/ compliance officer of a chain of Community Financial Service Centers. He now focuses on helping MSB owners achieve the highest standards of BSA/AML Compliance, including compliance programs, independent reviews, and bank on-boarding. Levy may be contacted at 301-793-8188 or mitchell@thecomplianceorganization.com.

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