The Regulatory Agencies

Regulatory Agencies are government agencies responsible for the laws that affect the financial industry. They not only make the laws, but they also enforce them. Enforcing the laws includes making sure that MSBs are complying and imposing any necessary penalties for non-compliance.

There are 12 government regulatory agencies that directly affect compliance in the money services industry. The agencies work together and function independently.

The House Committee on Banking and Financial Services oversees legislation relating to banking, deposit insurance and federal monetary policy, economic stabilization, money services aid to commerce and industries other than transportation, insurance in general, international finance and monetary organizations, money and credit, and securities and exchanges.

The U.S. Senate Committee on Banking, Housing and Urban Affairs proposes legislation relating to banking and MSBs. It also controls commodities pricing, deposit insurance, economic stabilization, export and foreign trade promotion, export controls, federal monetary policy, money services aid to commerce and industry, and issues relating to housing and urban affairs.

If required by state law, those states license its state money service providers, including CheckFreePay. The state agencies are the MSB's primary regulator, with front-line duty to protect the public from unsafe and unsound practices. Those state agencies conduct on-site examinations to assess business conditions and monitor compliance with laws. They issue regulations, take enforcement actions and close money service providers if they fail.

The Financial Crimes Enforcement Network (FinCEN) a bureau of the U.S. Department of the Treasury, administers and issues regulations pursuant to the BSA. FinCEN is the primary regulator for prevention and detection of money laundering activities, including recordkeeping enforced through the Bank Secrecy Act and coordination with law enforcement agencies. Through certain BSA reporting and recordkeeping requirements, paper trails of transactions are created that law enforcement and others can use in criminal, tax and regulatory investigation of suspicious activities.

The Securities and Exchange Commission (SEC) is an independent agency responsible for administering securities laws, including disclosure requirements for publicly traded securities and regulation of the securities industry.

The Federal Trade Commission (FTC) is an independent agency that enforces a variety of federal antitrust and consumer protection laws. In general, their efforts are directed toward stopping actions that threaten consumers' opportunities to exercise informed choices.
The **Federal Financial Institutions Examination Council (FFIEC)** is a formal interagency body which coordinates the examination and reporting activities of the five primary regulators of MSBs: the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Association (NCUA), the Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS).

The **Federal Deposit Insurance Corporation (FDIC)** insures customer account balances of federally and state-chartered banks up to a maximum of $100,000. The FDIC cooperates with state banking departments to supervise and perform examinations, and has considerable authority to intervene to prevent unsafe and unsound banking practices.

The **Office of Thrift Supervision (OTS)** is a Treasury Department agency, and the primary regulator of all federal and many state-chartered thrift banks which include savings banks and savings and loan associations.

The **Office of the Comptroller of the Currency (OCC)** is a Treasury Department agency that charters and regulates national banks. Their front-line duty is to protect the public from unsafe and unsound banking practices. They conduct on-site examinations to assess banking conditions and monitor compliance with banking laws. They issue regulations, take enforcement actions and close banks if they fail.

The **Federal Reserve System** is the central bank of the United States. Overseen by the Federal Reserve Board (FRB), it controls the money supply in and out of banks by raising or lowering the bank reserve requirements and buying or selling federal securities. It also lends money to banks at low interest rates to form the federal safety net that protects the banks from failure. Most importantly the FRB sets the prime rate from which banks calculate interest rates.

The **National Credit Union Association (NCUA)** is an independent agency that regulates federally-chartered credit unions and administers the National Credit Union Share Insurance Fund.