



Recommended Practices for Anti-Money Laundering Compliance for U.S.-Based Prepaid Card Programs

Executive Summary

As the trade association representing members of the network branded prepaid card industry, the NBPCA encourages practices that reduce opportunities for prepaid cards to be used in illicit activities and to support national (and international) efforts combating money laundering, terrorist financing and financial crime. Such practices include effectively managed BSA/AML compliance programs.

The NBPCA developed the *Recommended Practices for Anti-Money Laundering Compliance for U.S.-Based Prepaid Card Programs* to make **all** prepaid industry participants aware of their BSA/AML compliance responsibilities for prepaid cards and to encourage **all** to implement appropriate practices. This document represents a compilation of the principles and practices of a cross-section of NBPCA members that have committed significant resources to applying BSA/AML requirements to prepaid cards issued in the United States. We believe that these Recommended Practices will serve as a baseline for BSA/AML compliance efforts by participants in the prepaid card value chain.

Prepaid cards are already less vulnerable to illicit activity than other forms of payment such as cash or checks, but the recommended practices in this guide provides a roadmap to risk reduction that will further safeguard prepaid cards.

The Recommended Practices address seven critical components of developing an effective BSA/AML compliance program for a prepaid card program: (1) undertaking a risk assessment of money laundering and terrorist financing risks, (2) implementing internal controls to mitigate the identified risks, (3) currency transaction reporting and suspicious activity reporting, including a listing of potential red flags, (4) know your customer procedures and recommendations addressing anonymous card products; (5) due diligence and monitoring of third party agents, such as program managers, distributors and processors, (6) periodic reviews of the BSA/AML compliance program, and (7) employee and agent training.

NBPCA Members have made significant strides in the past several years to ensure that prepaid card industry participants comply with money laundering, terrorist financing and financial crime laws and regulations. This industry-created guide serves as a blueprint in that pursuit