

## Financial Crimes Enforcement Network

### Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2019	FY 2020	FY 2021	FY 2020 to FY 2021	
	Operating Plan	Enacted	Request	\$ Change	% Change
BSA Administration and Analysis	\$117,800	\$126,000	\$126,963	\$963	0.76%
<b>Subtotal, Organization Title</b>	<b>\$117,800</b>	<b>\$126,000</b>	<b>\$126,963</b>	<b>\$963</b>	<b>0.76%</b>
Offsetting Collections - Reimbursable	\$1,771	\$3,000	\$3,000	\$0	0.00%
Recovery from Prior Years	\$34	\$500	\$500	\$0	0.00%
Unobligated Balances Brought Forward	\$37,967	\$27,000	\$28,000	\$1,000	3.70%
<b>Total Program Operating Level</b>	<b>\$157,572</b>	<b>\$156,500</b>	<b>\$158,463</b>	<b>\$1,963</b>	<b>1.25%</b>
Direct FTE	271	300	345	45	15.00%
Reimbursable FTE	2	1	1	0	0.00%
<b>Total Full-time Equivalents (FTE)</b>	<b>273</b>	<b>301</b>	<b>346</b>	<b>45</b>	<b>14.95%</b>

### Summary

The mission of FinCEN is to safeguard the financial system from illicit use, combat money laundering, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence. The FY 2021 President's Budget requests additional resources totaling \$963,000 and provides \$2,300,000 for two critical program areas and program decreases totaling \$2,864,000. Specifically, FinCEN will enhance its national security capacity, which includes continuous expansion of its efforts to combat cybercrime and cryptocurrency threats and strengthening the inspection and training efforts to ensure the proper stewardship and on-going protection of sensitive national security information.

### Budget Highlights

Dollars in Thousands

	FTE	Amount
<b>FY 2020 Enacted</b>	<b>300</b>	<b>\$126,000</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):	0	\$2,827
Pay Annualization (2020 3.1% average pay raise)	0	\$380
Pay Raise (1.0% average pay raise)	0	\$390
FERS Contribution Increase	0	\$524
Non-Pay	0	\$1,533
Non-Recurring Costs	0	(\$1,300)
TBML Risk Assessment	0	(\$1,300)
Other Adjustments:	37	\$0
Technical FTE Adjustment	37	\$0
Subtotal Changes to Base	37	\$1,527
<b>FY 2021 Current Services</b>	<b>337</b>	<b>\$127,527</b>
Program Changes:		
Program Decreases	0	(\$2,864)
Programmatic Contract and Equipment Reductions	0	(\$2,864)
Program Increases:	8	\$2,300
Bolstering BSA Data Protection	5	\$1,481
Building Out FinCEN's Virtual Currency and Cyber Threat Mitigation Program	3	\$819
<b>FY 2021 President's Budget Request</b>	<b>345</b>	<b>\$126,963</b>

***Budget Adjustments***

**Maintaining Current Levels (MCLs)..... +\$2,827,000 / +0 FTE**

Pay Annualization (3.1%) +\$380,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +\$390,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +\$524,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +\$1,533,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

**Non-Recurring Costs..... -\$1,300,000 / -0 FTE**

TBML Risk Assessment -\$1,300,000 / -0 FTE

Completion of Trade-Based Money Laundering (TBML) risk assessment.

**Other Adjustments..... +\$0 / +37 FTE**

Technical FTE Adjustment +\$0 / +37 FTE

This adjustment reflects FTEs in FinCEN's multi-year hiring plan, which is beginning implementation in FY 2020.

**Program Decreases..... -\$2,864,000 / -0 FTE**

Programmatic Contract and Equipment Reductions -\$2,864,000 / -0 FTE

This reduction will be taken through evaluation of increases or changes in proposed acquisitions of contractual services and equipment. FinCEN will evaluate contracts during the renewal process to absorb this reduction.

**Program Increases..... +2,300,000 / +8 FTE**

Bolstering BSA Data Protection +\$1,481,000 / +5 FTE

This funding will allow FinCEN to support an enhancement in Bank Secrecy Act (BSA) data inspections and training efforts. In order to bolster the ability to protect BSA data collected, FinCEN will strengthen its inspections program to include internal, external, and bulk data usage; enhance its proactive engagement for preventative measures; and increase education and training efforts for the over 460 federal, state, and local agencies across the country with whom FinCEN maintains data access Memoranda of Understanding (MOUs) and their over 12,700 authorized users.

Safeguarding the BSA database from misuse is a critical obligation, and with additional funding, FinCEN will move to a primarily on-site inspection posture to enhance our visibility into individual agencies' compliance with the obligations set forth in their MOUs.

In addition to expanding FinCEN's capabilities to inspect data access activities, there is also a need to increase the training and outreach initiatives. FinCEN expects BSA data access MOUs to steadily increase annually. Furthermore, FinCEN receives on average 120 access requests per year. As we anticipate an increase in MOUs in the future commensurate with historical growth patterns, there is a need for more training resources to cover BSA data security and proper use of BSA data for the corresponding increase in users. In order for FinCEN to keep up with the increasing needs of our stakeholders, we must be readily available to conduct substantive outreach and provide comprehensive financial analysis training. Additional funding will also increase FinCEN's ability to provide on-going, substantive training and outreach to our law enforcement partners on myriad issues of national security importance in an effort to increase their awareness and enhance their traditional methods of utilizing the BSA to investigate illicit finance. As investigators become more adept at manipulating BSA data, more sophisticated cases of criminal wrongdoing will be brought to justice. Additionally, more meaningful feedback provided to regulated institutions that are subject to BSA reporting requirements ultimately leads to better reporting by the institutions themselves .

Lastly, increased access to BSA data creates increased risk of improper use of the data, including unauthorized disclosures. Training addresses this knowledge gap for stakeholders and assists them in effectively manipulating the BSA data to properly support their investigations. These additional resources will allow FinCEN to ensure all of its users are fulfilling their responsibility to properly use and protect BSA data.

#### Building Out FinCEN's Virtual Currency and Cyber Threat Mitigation Program +\$819,000 / +3 FTE

These funds will allow for international capacity building to ensure that accessibility of critical information exists for investigations that include an international component. The utilization of software tools will allow FinCEN to double the number of virtual currencies analyses, corroborate findings, and increase big data analytics capability, allowing for automated analytics and visualization of financial and cyber data. The program enhancement strengthens direct support for law enforcement cases to 130 cases per year, the development of 37 strategic intelligence products, and the provision of 50 training sessions per year.

The FY 2021 funds will also allow FinCEN to respond to an increasing number of law enforcement requests for operational support regarding domestic and global cyber-enabled financial crimes, including efforts into the use of virtual currency to facilitate such crimes. This will enable FinCEN to conduct intelligence and law-enforcement driven responses to international and domestic financial threat incidents. The enhancement will also assist FinCEN's ongoing efforts to recover funds stolen by cyber means in fraud and virtual currency exchange thefts. Based on metrics developed by law enforcement partners, FinCEN estimates that it will be able to recover approximately 60 percent of funds stolen domestically and maintain its current international recovery rate at 50 percent.

Lastly, the funding will directly support FinCEN's coordination with other international jurisdictions as they advance their efforts to establish their own capabilities to address virtual currency and cyber threats through training and capacity building, analytical development, and information sharing initiatives.

## ***Legislative Proposals***

FinCen has no legislative proposals.

## ***Performance Highlights***

Budget Activity	Performance Measure	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
		Actual	Actual	Actual	Target	Target
BSA Administration and Analysis	Percentage of Domestic Law Enforcement and Regulators Who Assert Queried BSA Data Led to Detection and Deterrence of Illicit Activity	86%	85%	92%	88%	89%
BSA Administration and Analysis	Percentage of Users Satisfied with FinCEN Information Sharing Systems	87%	86%	89%	84%	85%

## ***Description of Performance***

The continued increase in valuable BSA data demands the continued expansion of analysis capability and supporting technology to utilize this data to its full capacity. The increases in BSA data and the demand for this data informed the requested program changes.

FinCEN conducts annual surveys of the BSA database and information sharing systems' users on the utility and value of FinCEN's information, analysis, and systems. The results provide valuable feedback on FinCEN's performance safeguarding the financial system from illicit use, combatting money laundering, and promoting national security.

FinCEN monitors the percentage of domestic law enforcement and regulators who assert queried BSA data led to detection and deterrence of illicit activity. The survey looks at the value of FinCEN data, such as whether the data provided unknown information; supplemented or expanded known information; verified information, helped identify new leads; opened a new investigation or examination; supported an existing investigation or examination; or, provided information for an investigative or examination report. In FY 2019, FinCEN surpassed its target of 86 percent with 92 percent asserting that the queried BSA data led to the detection and deterrence of illicit activity. FinCEN achieved this performance by increasing its FinCEN Portal and Query training efforts. FinCEN will continue to increase its training efforts to provide the FinCEN Portal and FinCEN Query user community with the information they need to successfully enhance their investigative efforts. In FY 2020, the target is set at 88 percent and in FY 2021 at 89 percent.

FinCEN also tracks the percentage of users satisfied with FinCEN information sharing systems. This measure is based on survey responses and represents user satisfaction with the BSA E-Filing System, FinCEN Query, and the Egmont Secure Web. FinCEN collects and maintains BSA reports filed by financial institutions and other filers. In turn, FinCEN provides authorized users (including Treasury and the Under Secretary for Terrorism and Financial Intelligence) access to a query system containing 14 years of BSA data. FinCEN also provides foreign Financial Intelligence Units (FIUs) in the Egmont Group with a secure system for exchanging financial intelligence to combat money laundering and terrorist financing. This measure is

meaningful because the information sharing system allows authorized persons to more readily access BSA information and better enable them to conduct investigations more efficiently and effectively. In FY 2019, FinCEN exceeded its target of 84 percent with 89 percent of the users satisfied with the information sharing systems. FinCEN attributes this performance to the increased satisfaction with the value of BSA information in FinCEN Query, as well as improved system stability. FinCEN is currently undergoing a technical refresh of the FinCEN Portal and FinCEN Query applications, which will be implemented in mid FY 2020. As such, FinCEN will keep the target at 84 percent due to the learning curve associated with these changes. FinCEN expects the target to slightly increase to 85 percent in FY 2021.