



February 12, 2016

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
Attention: 1557-0231
400 7th Street, SW
Suite 3E-218
Mail Stop 9W-11
Washington, DC 20219

Re: Comments on the Bank Secrecy Act/Money Laundering Risk Assessment (MLR)

Dear Sir or Madam:

BOKF, NA ("BOK"),¹ submits this letter in response to the notice and request for comment posted in the Federal Register, Volume 81, No. 1 on Monday, January 4, 2016 regarding the Bank Secrecy Act/Money Laundering Risk Assessment. The OCC already collects BSA/Money Laundering Risk Assessment (MLR) information from community bank institutions, but is now proposing the collection of the information from all financial institutions supervised by the OCC. We appreciate the opportunity to provide comments regarding the collection of information and the extension of the current process to midsize and large financial institutions.

BOK realizes that OCC resource allocation is important and agrees that resources should be directed toward institutions with heightened risk. As discussed below, BOK feels that the collection of information through the MLR process is unnecessary in light of the current expectation of a thorough and granular BSA/AML risk assessment. Completing the separate MLR process will likely be redundant for many banks that currently collect year end data or that may collect different data points for their risk assessments based on their bank's risk profile.

Our comments are particularly focused on:

- Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility;
- Accuracy of the agency's estimate of the burden of the collection of information; and
- Ways to minimize the burden of the collection on respondents.

¹ BOK is a national bank and wholly-owned subsidiary of BOK Financial Corporation, a \$31 billion regional financial holding company. BOK operates seven banking divisions and has full-service banks located in eight states: Oklahoma, Texas, Arkansas, Missouri, Kansas, Colorado, New Mexico and Arizona.

Necessity of Information Collection

The OCC's Money Laundering Risk System User Guide for Banks – 2015 states three main benefits of the collection and analysis of MLR data:

1. MLR data is factored into the supervisory strategy development process and is used by the OCC to determine BSA/AML resource allocations and examiner expertise needs. Examiners use MLR data during the Scoping & Planning stage of BSA/AML examinations to assist in selecting areas for transactional testing. The OCC also uses MLR data to identify examiner training needs related to new and/or emerging products.
2. MLR data is useful in the development of BSA/AML risk assessments. This data parallels what each bank would normally gather and analyze when developing BSA/AML risk assessments.
 - The information submitted by banks on the MLR Quantity of Risk Summary Form (RSF) is an example of the first step in developing a BSA/AML risk assessment.
3. The OCC provides filing banks with reports reflecting peer group data.

BOK finds the collection of this data unnecessary because the OCC already has access to this data through the current BSA/AML risk assessment expectation. Concerns with each of the stated benefits are as follows:

1. **Resource allocation and examiner expertise needs**

The data collected through the MLR RSF is limited to values and volumes. Given this, it is difficult to see how this information alone is enough to provide the OCC with the optimum strategy process for resource allocations or for assessing examiner training needs related to new and/or emerging products. As financial institutions have learned, often times with regulatory assistance, assessing risk is more than just collecting values and volumes. It must incorporate an understanding of the institution and its operations as well as the institution's strategy for the future and the existence or lack of controls. Two institutions could have similar values and volumes, but one institution may have inferior controls. Examiner resources would likely prove to be more beneficial at the institution with inferior controls.

Financial institutions are already under an expectation to have a formal risk assessment process in place with granular information to support it. While institutions may decide on an appropriate method or format based on the institution's particular risk profile, many of these assessments include valuable information in addition to value and volume data such as business line overviews, mitigating controls, history of identified issues from exams and audits, upcoming changes for the institution including new and emerging risks, and identified gaps with appropriate action plans. It would seem that the OCC should use the more detailed risk assessment that banks are already expected to compose and which the OCC already has access to in order to determine OCC resource allocation and assessing examiner training needs related to new and/or emerging products rather than ask the banks to take further steps of extracting data or, as it will probably be in many cases, requesting a different set of data than what is contained in the risk assessment because of data point differences or timing differences which are discussed later in this letter.

2. **MLR data is useful in the development of BSA/AML risk assessments**

Reference is made in the MLR User Guide that the MLR data is useful in the development of BSA/AML risk assessments and that the data parallels what each bank would normally gather and analyze when developing BSA/AML risk assessments.

BOK assumes that the term “development” is not intended to mean the creation of a BSA/AML risk assessment process as banks have been expected to have a granular BSA/AML risk assessment in place for many years. Rather, BOK believes it is intended to mean the beginning process of the act of re-assessing risk on an ongoing basis.

The reference of “parallel data” in the MLR User Guide appears to assume that there would be no or few differences in the points of data gathered in the information collection process. In reality, as institutions are allowed to use methods and formats appropriate for their institution, there are some items where data may be collected differently by the bank than in the MLR such as trust and investment items and information for wire transfers and ACH transactions. This does not mean that information is not being reviewed or assessed. The point is being made to show that adjustments may need to be made to how data is collected and further calculations may need to occur to provide exactly what is requested in the MLR.

The reference of “parallel data” in the MLR User Guide also appears to assume that there would be no differences in the timeframes of the data collected for this process. The data collection for the 2015 MLR cycle ran from November 2, 2015 through January 15, 2016 and the data collected was for the time period of October 1, 2014 through September 30, 2015. BOK, after discussing the timing of our BSA/AML risk assessment with our OCC examiner, has recently gone through a shift to purposely align the assessment with collection of year end data which seems to be a reasonable cut-off and a perfect mark to use when comparing data from one assessment to the next. The schedule of the MLR which collects data through September 30 is inconsistent with bank operations which run on a calendar year. This means that BOK will either need to adjust the timing of our risk assessment data, which would not be in sync with our calendar year, or BOK will need to perform a separate process to pull the data needed for the MLR.

3. OCC provides filing banks with reports reflecting peer group data

While understanding peer data would provide a benefit, the information is less valuable if it does not include other pieces of benchmarking data about each bank such as size, geographical location of footprint, number of employees, number of alerts, number of Suspicious Activity Reports filed, number of high risk customers, etc. These are the pieces of data that are continuously sought in benchmarking efforts among peer banks as they provide insight to the comparability of BSA/AML programs and aid in identifying where an institution may be apart from the norm when compared to its peers so the institution could then research to understand possible reasons for the difference.

Accuracy of the agency’s estimate of the burden of the collection of information

In the Request for Comment, the estimated annual burden for 47 mid-sized banks is 1,175 hours or 25 hours per bank. BOK does not feel that 25 hours per bank is an accurate reflection of the time needed to perform the exercise requested. While some data collection can be automated, it is likely that everything cannot. There are also different business areas involved in this process. Data collection for the current BOK risk assessment process is estimated at approximately 380 hours. Given the concerns addressed above regarding differences in data points and the time period of the data requested, it is likely that this process will take at least 40 – 50 hours to fulfill the request in addition to the existing 380 hours. This means additional time and resources that could be better utilized focusing on other aspects of the BSA/AML program such as high risk customer identification and suspicious activity detection.

Ways to minimize the burden of the collection on respondents

To minimize the burden of the data collection on respondents, the most effective way for the OCC to collect the information would be for the OCC to refer to the existing BSA/AML risk assessments that are already collected from banks during annual examinations without banks have to enter data elsewhere. Another thought would be to allow banks to submit information directly from their risk assessments so banks could continue their already established risk assessment processes on their already established schedules and would not need to extend additional effort to re-work data.

The use of the MLR process in addition to the currently established full risk assessment process that bank's are expected to maintain is a duplicative effort, not just for the bank, but for the OCC as well. OCC examiners are reviewing risk assessments as part of annual bank examinations. Through the MLR process, additional OCC resources are then used to evaluate similar data. It would seem that OCC analysis of BSA risk, new/emerging risk and direction of risk for the institution through the institution's BSA/AML risk assessment could be considered at the time of the annual bank examination and used to aid in the resource allocation for the next review cycle as well as to identify examiner training needs.

Conclusion

BOK requests the OCC to consider not moving forward on the extension of the BSA/Money Laundering Risk Assessment to the midsize and large bank population as thorough and valuable data is already being collected by these banks in formal BSA/AML risk assessments that are assessed by the OCC at each annual examination. Implementing the MLR would result in duplicative processes for the banks due to differences in the time period and data points as well as for the OCC where the formal BSA risk assessments are analyzed and then the MLR information would be analyzed as well. For the banking industry, this represents time and resources that would be better applied to other aspects of the BSA/AML program.

Respectfully,



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