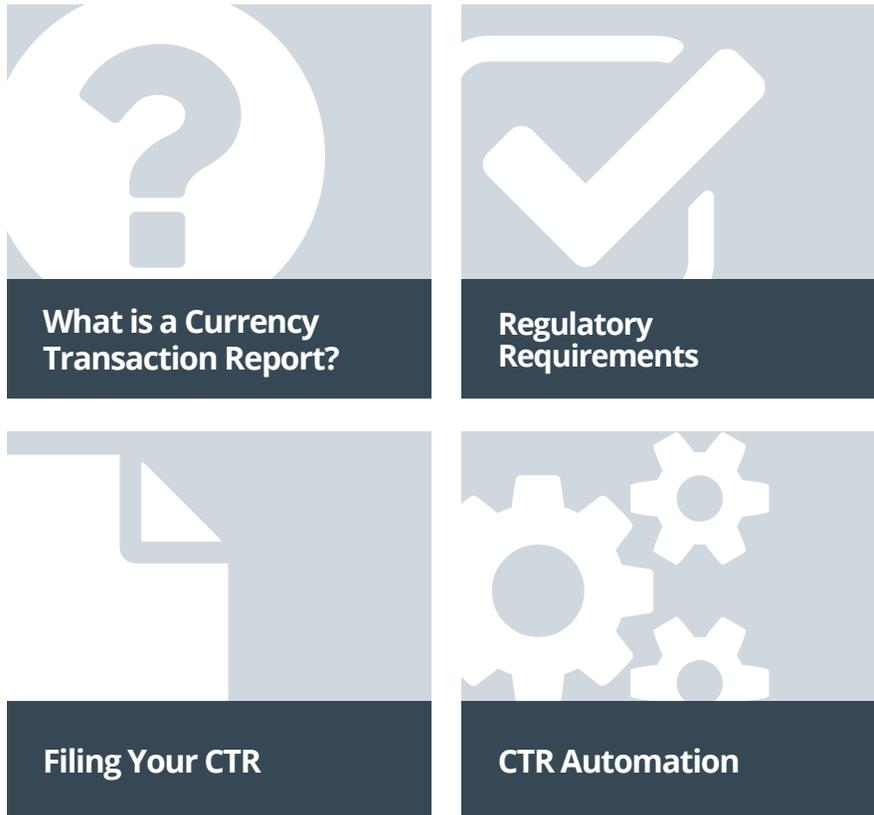




# Reporting With Confidence

*Your Guide to Currency Transaction Reports*

# Table of Contents



---

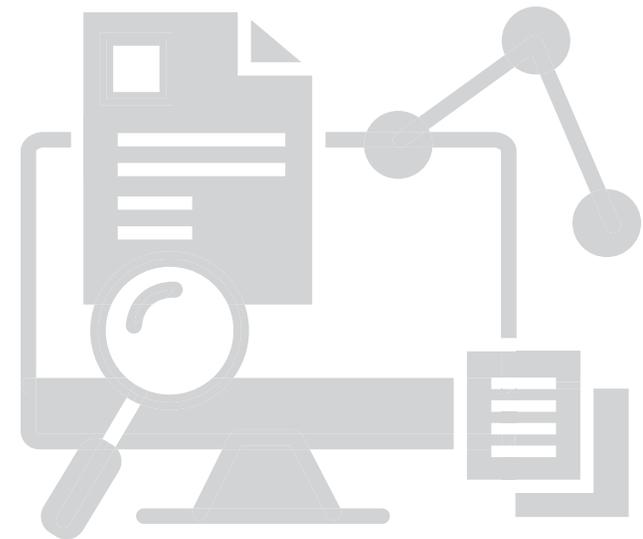
Introduction .....	2
<b>What is a Currency Transaction Report? .....</b>	<b>3</b>
<b>Regulatory Requirements .....</b>	<b>4</b>
<b>Filing Your CTR</b>	
1. <i>How Do You File? .....</i>	5
2. <i>Filing: Step By Step.....</i>	6
<b>CTR Automation</b>	
1. <i>The Benefits of CTR Automation.....</i>	7
2. <i>Workflow Dashboards.....</i>	8
3. <i>Auditing and Record Keeping with Automation .....</i>	10
4. <i>Considerations When Selection an Automated Solution ....</i>	11
<b>Increase Your Regulatory Reporting Efficiency with Verafin .....</b>	<b>12</b>

# Introduction

Currency Transaction Reporting is a fact of life for all financial institutions. With millions of Currency Transaction Reports (CTRs) filed each year by thousands of individual filers, anyone working at a bank, credit union or trust company in a BSA compliance role will know how time consuming and resource intensive CTR filings can be.

***A single CTR can involve numerous people, currencies, institutions, and transactions — and incorrect filings or failure to report potentially suspicious activity can lead to fines or unsatisfactory exams.***

This resource is an introduction to CTRs and why they exist, with insights on successfully completing a form, commonly encountered scenarios, and considerations for easier filing. It is not intended to replace the [FFIEC BSA/AML Examination Manual](#)<sup>1</sup> or [FinCEN CTR Electronic Filing Requirements User Guide](#).<sup>2</sup> FinCEN's online [FAQ](#)<sup>3</sup> is a good resource to assist financial institutions in their use of the FinCEN CTR.



## Resources

<sup>1</sup> [FFIEC BSA/AML Examination Manual](#)

<sup>2</sup> [FinCEN CTR Electronic Filing Requirements User Guide, 2021](#)

<sup>3</sup> [FAQ Regarding the FinCEN Currency Transaction Report \(CTR\)](#)

# What is a Currency Transaction Report?

First introduced as the **Currency and Foreign Transactions Reporting Act of 1970**, the **Bank Secrecy Act (BSA)**<sup>4</sup>, “requires U.S. financial institutions to assist U.S. government agencies to detect and prevent money laundering.” The BSA is administered by the **Financial Crimes Enforcement Network (FinCEN)**, whose mission is to “safeguard the financial system from the abuses of financial crime, including terrorist financing, money laundering and other illicit activity.”<sup>5</sup>

The BSA requires financial institutions operating in the United States to file and retain records that may be useful in tracking tax, criminal, and other regulatory activities that may be indicative of potential money laundering activities. Potentially suspicious activities such as the use of structuring, funnel accounts, or money mules must be documented through regulatory reports and submitted to FinCEN to maintain regulatory compliance.

Financial institutions must file **Currency Transaction Reports (CTR) for any transaction over \$10,000**: “A bank must electronically file a Currency Transaction Report (CTR) for each transaction in currency (deposit, withdrawal, exchange of currency, or other payment or transfer) of more than \$10,000 by, through, or to the bank. These currency transactions need not be reported if they involve “exempt persons,” a group which can include commercial customers meeting specific criteria for exemption.”<sup>6</sup>

“Specifically, the act requires financial institutions to keep records of cash purchases of negotiable instruments, file reports of cash transactions exceeding \$10,000 (daily aggregate amount), and to report suspicious activity that might signify money laundering, tax evasion, or other criminal activities.”<sup>7</sup>

Financial institutions must gather this information in a manner consistent with a customer’s right to financial privacy. This requirement applies whether the individual conducting the transaction has an account relationship with the institution or not.

## Resources

<sup>4</sup> [The Bank Secrecy Act \(BSA\), FinCEN](#)

<sup>5</sup> [History of Anti-Money Laundering Laws, FinCEN](#)

<sup>6</sup> [Currency Transaction Reporting, FDIC, 2021](#)

<sup>7</sup> [The Bank Secrecy Act \(BSA\), FinCEN](#)

<sup>8</sup> [Federal Register: 37 Fed. Reg 6819 \(Apr. 5, 1972\)](#)

---

## CTR Timeline

### **1970** *Currency and Foreign Transactions Act introduced.*

Commonly known as the Bank Secrecy Act, it introduced the modern CTR.

### **1971** *Proposed Rule to Report Cash Transactions over \$5,000.*

This proposed rule was established to require reports for both domestic transactions, and transactions outside of the U.S. by non-established customers.

### **1972** *Final Rule to Report Cash Transactions Over \$10,000.*

Institutions now required to “file a report of each deposit, withdrawal, exchange of currency or other payment or transfer, by, through, or to such financial institution, which involves a transaction in currency of more than \$10,000”.<sup>8</sup>

# Regulatory Requirements

CTRs are a vital tool to ensure the integrity of the financial system. The CTR form plays an integral role in helping FinCEN keep track of large cash transactions and alerts FinCEN to potential incidents of money laundering.

Completing a CTR properly is important, not only to the individual institution but to the financial system itself.

## Filing Obligations

Financial institutions must file a report of each deposit, withdrawal, exchange of currency or other payment or transfer, by, through, or to such financial institution which involves a cash-based transaction in paper or coin form of more than \$10,000.<sup>9</sup>

## Identification Required

To ensure compliance, financial institutions must obtain personal identification information about the individual conducting the transaction, such as a Social Security Number, as well as a driver's license or other government issued document.<sup>10</sup>

## Aggregation of Currency Transactions

To comply with regulatory requirements, management must ensure that systems or practices appropriately aggregate currency transactions throughout the bank and report currency transactions subject to the BSA requirement to file CTRs.<sup>11</sup>

## Structured Transactions — CTR Requirements

Structuring transactions occur when a person, acting alone or in conjunction with, or on behalf of, other persons, conducts or attempts to conduct one or more transactions in currency, in any amount, at one or more financial institutions, on one or more days, in any manner, for the purpose of evading the CTR requirements.

When a bank suspects that a person is structuring transactions to evade CTR filing, it must then file a Suspicious Activity Report (SAR). Evading BSA reporting and recordkeeping requirements can result in civil and criminal penalties under the BSA.<sup>12</sup>

## Resources

<sup>9, 11, 12.</sup> [Code of Federal Regulations - Part 1010, ECFR](#)

<sup>10.</sup> [CTR Reference Guide, FinCEN](#)

# Filing your CTR

## How Do You File?

As of April 1, 2013, all institutions are required to use new FinCEN reports only available electronically, through the BSA E-Filing System.<sup>13</sup> The BSA E-Filing System supports electronic filing of Bank Secrecy Act (BSA) forms like CTRs (either individually or in batches) through a FinCEN secure network. E-Filing improves security over current manual processes and the mailing of filings to FinCEN through the use of Secure Sockets Layers (SSL) and user IDs/passwords. Simply put, it's a much more efficient and effective way to file.

Failing to file a CTR form within 15 calendar days carries a maximum penalty of up to ten years in prison, or a fine of up to \$500,000. Strict adherence must be paid to deadlines, as financial penalties can and will be imposed due to late filing.

### Resources

<sup>13</sup> [BSA E-Filing System, FinCEN](#)



# Filing your CTR

FINCEN Form <b>104</b> (March 2011) Department of the Treasury FinCEN		<b>Currency Transaction Report</b> ▶ Previous editions will not be accepted after September, 2011. ▶ Please type or print. (Complete all parts that apply--See Instructions)		 OMB No. 1506-0004	
1 Check all box(es) that apply: a <input type="checkbox"/> Amends prior report b <input type="checkbox"/> Multiple persons c <input type="checkbox"/> Multiple transactions					
<b>Part I Person(s) Involved in Transaction(s)</b>					
<b>Section A--Person(s) on Whose Behalf Transaction(s) Is Conducted</b>					
2 Individual's last name or entity's name		3 First name		4 Middle initial	
5 Doing business as (DBA)			6 SSN or EIN		
7 Address (number, street, and apt. or suite no.)			8 Date of birth MM / DD / YYYY		
9 City	10 State	11 ZIP code	12 Country code (if not U.S.)	13 Occupation, profession, or business	
14 If an individual, describe method used to verify identity: a <input type="checkbox"/> Driver's license/State I.D. b <input type="checkbox"/> Passport c <input type="checkbox"/> Alien registration					
d <input type="checkbox"/> Other _____ e Issued by: _____ f Number: _____					
<b>Section B--Individual(s) Conducting Transaction(s) (if other than above).</b>					
If Section B is left blank or incomplete, check the box(es) below to indicate the reason(s)					
a <input type="checkbox"/> Armored Car Service b <input type="checkbox"/> Mail Deposit or Shipment c <input type="checkbox"/> Night Deposit or Automated Teller Machine d <input type="checkbox"/> Multiple Transactions e <input type="checkbox"/> Conducted On Own Behalf					
15 Individual's last name		16 First name		17 Middle initial	
18 Address (number, street, and apt. or suite no.)			19 SSN		
20 City	21 State	22 ZIP code	23 Country code (if not U.S.)	24 Date of birth MM / DD / YYYY	
25 If an individual, describe method used to verify identity: a <input type="checkbox"/> Driver's license/State I.D. b <input type="checkbox"/> Passport c <input type="checkbox"/> Alien registration					
d <input type="checkbox"/> Other _____ e Issued by: _____ f Number: _____					
<b>Part II Amount and Type of Transaction(s). Check all boxes that apply.</b>					
26 Total cash in \$ _____ .00		27 Total cash out \$ _____ .00		28 Date of transaction MM / DD / YYYY	
26a Foreign cash in _____ .00 <small>(see instructions, page 4)</small>		27a Foreign cash out _____ .00 <small>(see instructions, page 4)</small>			
29 <input type="checkbox"/> Foreign Country _____		30 <input type="checkbox"/> Wire Transfer(s)		31 <input type="checkbox"/> Negotiable Instrument(s) Purchased	
32 <input type="checkbox"/> Negotiable Instrument(s) Cashed		33 <input type="checkbox"/> Currency Exchange(s)		34 <input type="checkbox"/> Deposit(s)/Withdrawal(s)	
35 <input type="checkbox"/> Account Number(s) Affected (if any): _____		36 <input type="checkbox"/> Other (specify) _____			
<b>Part III Financial Institution Where Transaction(s) Takes Place</b>					
37 Name of financial institution			Enter Regulator or BSA Examiner code number (see instructions) ▶		
38 Address (number, street, and apt. or suite no.)			39 EIN or SSN		
40 City		41 State	42 ZIP code	43 Routing (MICR) number	
<b>Sign Here ▶</b>	44 Title of approving official		45 Signature of approving official		46 Date of signature MM / DD / YYYY
	47 Type or print preparer's name		48 Type or print name of person to contact		49 Telephone number ( ) - -
▶ For Paperwork Reduction Act Notice, see page 4. Cat. No. 37683N FinCEN Form 104 (Rev. 03-2011)					

## Filing: Step By Step

### Part I:

Identify who is benefiting from the transaction in Section A, and who is conducting the transaction in Section B.<sup>14</sup>

### Part II:

Identify how much money is being transacted, and what type of transaction is being made.<sup>15</sup>

### Part III:

Identify the financial institution filing the CTR, along with the appropriate regulator and examiner code.<sup>16</sup>

## Resources

<sup>14-16</sup> BSA E-Filing System, FinCEN

# The Benefits of CTR Automation

Manually completing CTRs requires careful attention to detail and extensive training to prevent mistakes. In contrast, automating your CTR processes, from report generation to E-Filing directly with FinCEN, can and will increase your regulatory reporting efficiency.

## ✓ Auto-Population

No more digging through endless reports to determine when or if a CTR is required. No more back and forth between headquarters and multiple branches to gather incomplete reports or fix mistakes. An automated solution has the ability to auto-populate CTRs with all the required information, thereby saving time and reducing the potential for costly errors.

## ✓ Direct FinCEN E-Filing

Through automation, CTRs can be quickly reviewed and submitted electronically to FinCEN. At the click of a button, you can queue the report for overnight E-Filing. The ability to tune validation criteria to match your institution's requirements ensures every CTR meets your exact specifications before filing.

## ✓ Aggregate Same-day Business Transactions

Automated solutions can track Employer Identification Number/Social Security Number (EIN/SSN) information and provide a list of potentially reportable transactions, which — through a manual process — could easily be missed.

## ✓ Automatic Generation of Reports

This process reduces the potential for human error and frees up valuable staff time, allowing institutions to focus on providing actionable intelligence to law enforcement.

## ✓ Rejection Reduction

Automation can flag potential errors, such as an incorrect ZIP code, and alert staff immediately with a clear report that advises them of the mistake so the form can be amended prior to submission.

## ✓ Time Saving Benefits

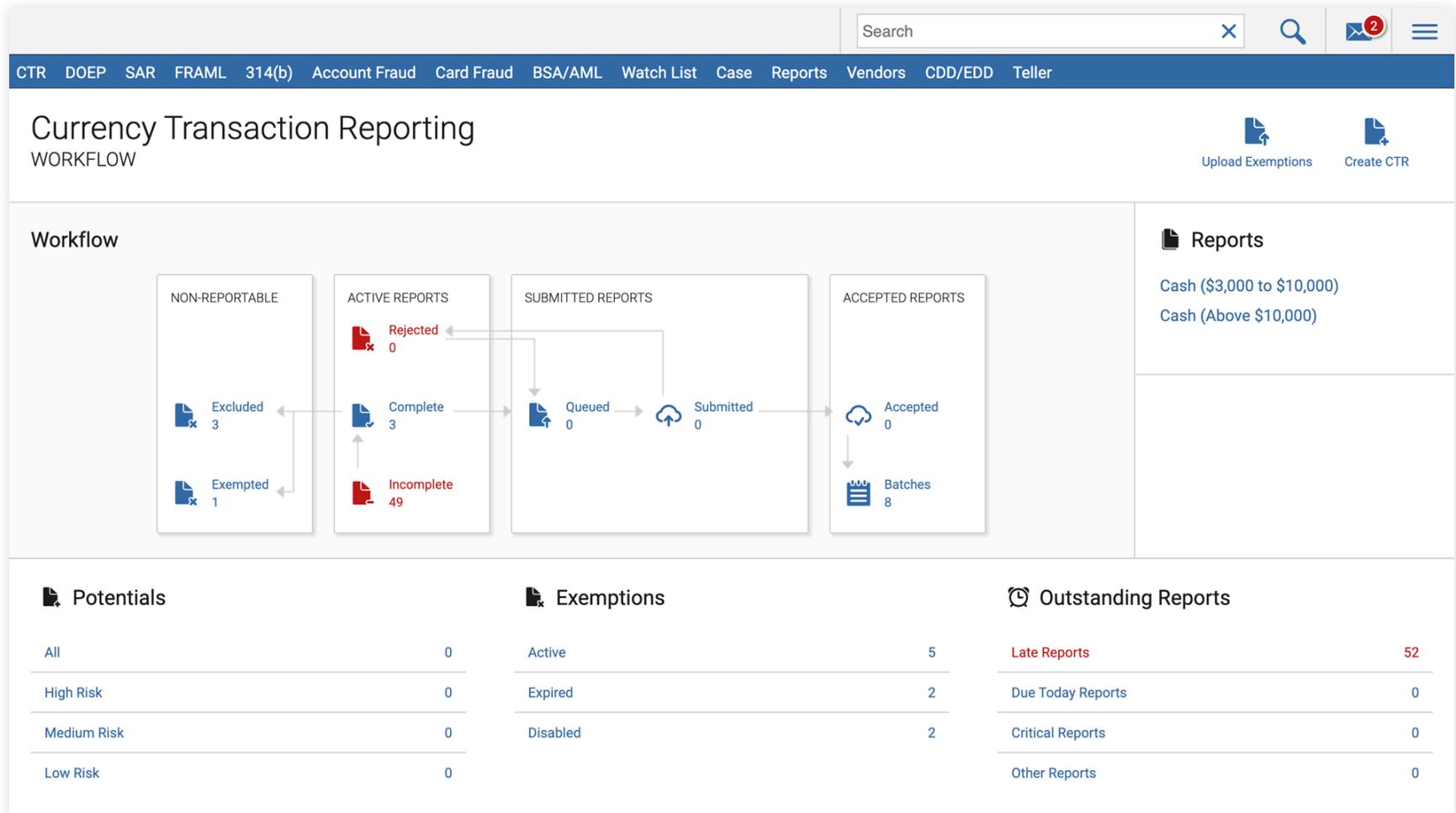
Due to the system being capable of catching and flagging both errors and potentially reportable transactions, front-line staff and compliance officers will have more time to focus on other tasks within the institution.

## ✓ Easy to Track Workflows

To manage deadlines, compliance officers need to track where a CTR is in the filing process. An automated system presents this information clearly and allows compliance officers to assign tasks to specific employees and send them automatically to the appropriate employee.

# Workflow Dashboards

By using an automated software solution that includes CTR workflow dashboards, you are offered a quick visual overview of the status of your reports — from incomplete to accepted by FinCEN. Providing the ability to bulk upload CTR exemptions and automate the assignment of CTRs to employees for review can greatly increase the efficiency of your workflow, and that of your investigators.





Responsible innovation is an important part of safeguarding the U.S. financial system against new and evolving threats to the nation's security and the financial system related to money laundering, terrorist financing, and other serious financial crimes, particularly those FinCEN has identified as national priorities.

[FinCEN's Innovation Initiative](#)<sup>17</sup>



# Auditing and Record Keeping with Automation



## Examiner-Friendly Audit Trails

By automating your CTR processes, you can maintain a log of all user activity — when changes are made, records are kept showing who generated, reviewed, and submitted a report. System generated copies of your CTRs can then be archived for easy referencing, should they be needed during an audit.



## Capturing Potential CTRs With Ease

Automated systems can auto-generate a CTR based on a customer's transactions. An automated solution would also create "potential" CTRs for you to review when a customer uses an ATM to deposit funds and the contents of the ATM envelope may be cash, requiring the submission of a CTR.



## Enterprise Reporting Automation

Automated Enterprise Reporting functionality allows an institution to explore vast amounts of data to generate highly configurable reports, providing significant insight into a wide range of activity and actionable information. Ad hoc reports, customizable reports, and reporting charts can be exported from automated systems to provide visibility into your CTR filings for investigators, board members, and examiners.



## Auto-Submit Complete Reports

Automation can also provide the opportunity to auto submit CTRs directly to FinCEN for customers you specify, without ever requiring you to review the report.

# Considerations When Selecting an Automated Solution



## CTR Storage

Federal regulations require you to maintain a record of your institution's data for five years. Some automated software platforms can maintain all your CTR filings, all in one location.



## Trackable Status Reports

Keeping track of the status of reports is key to effectiveness and efficiency. Your automation solution should provide an at-a-glance snapshot of which reports have been submitted, which are pending, which have been rejected, and those that are at risk of being late.



## Automated Error Identification

An efficient automation solution identifies potential problems in your reports, warns you of any errors, and prevents you from submitting the report to your supervisor for approval until those errors have been corrected.



## Flexibility

An automated solution should be flexible and work with your existing processes. The chosen solution should also allow compliance officers to override when appropriate.



## Access Control

An automated solution should allow for different levels of access for different staff members, in order to help maintain privacy.



## Effective Core Integration

Select an automated solution that works with your existing core processing system. Make sure the system adapts to suit your needs and that your system provider commits to that core integration.

# Increase Your Regulatory Reporting Efficiency with Verafin

CTRs can be time consuming processes fraught with potential error. Verafin scans your customers' transactions every night and automatically generates any required CTRs for you to review the next morning. Even better, the CTRs are auto-populated with all the required data, meaning you can quickly review and submit directly with FinCEN.

At the click of a button, you can queue the report for overnight E-Filing directly from the Verafin application to FinCEN.

Workflow dashboards provide you with a quick visual overview of the status of your reports, from incomplete to accepted by FinCEN.



Verafin is the industry leader in enterprise Financial Crime Management solutions, providing a cloud-based, secure software platform for Fraud Detection and Management, BSA/AML Compliance and Management, High-Risk Customer Management, and Information Sharing.

More than 3700 banks and credit unions use Verafin to effectively fight financial crime and comply with regulations. Leveraging its unique big data intelligence, visual storytelling, and collaborative investigation capabilities, Verafin significantly reduces false positive alerts, delivers context-rich insights and streamlines the daunting BSA/AML compliance processes that financial institutions face today.

*Verafin is the exclusive provider for Texas Bankers Association, CUNA Strategic Services, and industry endorsements in 48 U.S. states.*

© 2023 Verafin Inc. All rights reserved.

For more information,  
contact Verafin today.

1.877.368.9986  
[info@verafin.com](mailto:info@verafin.com)  
[www.verafin.com](http://www.verafin.com)

**VERAFIN**  
A STEP AHEAD