

Gavel to Gavel: Bank rules can confound

By: [Jeffrey D. Hassell](#) Guest Columnist May 21, 2014



There is no doubt that banks are subject to more regulation almost every day. For example, take the Dodd-Frank Wall Street Reform and Consumer Protection Act. Signed into law in July 2010, it requires that agencies complete almost 400 new rule-makings. As of this writing only a little more than half of those have been finalized. So, while there have been at least 200 new sets of regulations since July 2010, banks can expect almost 200 more in the future, just arising from Dodd-Frank.

Bank regulations serve many purposes, including ensuring the safety and soundness of banks and the financial system itself. Among other things, those regulations require banks to maintain certain capital levels, monitor the quality of their loans and avoid certain investments. Also, there are regulations addressing bank branch activity, additional lines of business such as securities or insurance and financial reporting.

Other regulations require banks to assist the government in efforts to thwart illegal activities such as money laundering and terrorist financing. Banks carry out many different activities in order to fulfill these regulatory duties, most of which happen in the background and are not readily apparent to the bank customer. For example, banks are required to report to the government certain currency transactions and various other suspicious activities.

One bank activity that may directly involve a customer is the Customer Information Program requirements under the USA Patriot Act. Banks are required to have procedures to verify the identity of their customers and maintain records of the information they gathered for that purpose. For example, banks must obtain for individual customers' names, dates of birth, addresses and Social Security numbers. Banks must keep records of how that information was verified. Also, banks must consult lists of known or suspected terrorists or terrorist organizations provided to the banks to determine whether a customer appears on any such lists.

Complying with these regulations is essential for the legal operation of a financial institution. Communicating to customers how these requirements protect their financial interests and satisfy government mandates should be part of any bank's customer outreach.

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