

EXAMPLES OF FINANCIAL ACCESS ISSUES

A series of case studies on the financial access obstacles U.S.-based InterAction Members have encountered while delivering humanitarian and development assistance abroad

For charity & security network report examples, visit charityandsecurity.org/FinAccessReport

BANK	OBSTACLE	DETAILS	DATE	IMPACT
U.S. bank	Account closure	Account closed after 23 years of business; no reason given; given 30 days to find alternative bank	2017	Had to find and open alternative bank accounts within 30 days to accommodate huge sums of money used in vital programming
Correspondent bank	Transfer delay	Requested additional confidential information from partner donors (USG)	2017	USG partially funded health sector program delayed by 1.5 months; funding gaps plugged from alternative sources within the non-profit to provide the medical supplies to Syria
U.S. bank	Transfer delay	Wire transfer of \$80k (via Turkey for Aleppo hospital) delayed by 6 months	2017	Deadly siege was over by the time the transfer was processed
U.S. bank	Account closure	5 out of 7 of the organization's bank accounts closed	2015-2017	Very reliant on two remaining bank accounts; had to use smaller banks with less service access
	Blocked transfer	Initially delayed transfers, then complete denial of fund transfers for 400 university students' accommodations; information on individual students shared with partner donor; no reason given for delays or denials	Various dates	Ceased program funding for Afghan university students; some students were unable to continue their studies
Not reported	Blocked transfer	No reason given for delays or denials	Not reported	Prevention of funds supporting two girls' schools
Not reported	Blocked transfer	Denial of funds for two clinics in Lebanon for Syrian refugees	Not reported	Closure of Lebanese clinics on the Syrian border
Not reported	Blocked transfer	No reason given for delays or denials	Not reported	Closure of orphan program in Gaza
Not reported	Delayed transfer	Delays in transferring funds until after several months after winter	Not reported	Prevented funding for winterization program meant to provide tents, blankets, and non-food items for a remote village; people froze to death; lengthy delays meant winter was over by the time funds were transferred; consequently, aid was never delivered
Not reported	Blocked transfer	Transfer blocked to Sudan; misunderstanding of OFAC regulations/procedures	Not reported	Not reported
U.S. bank	Blocked transfer	Notified of final transfer to Palestine; rejected transfers to Iraq	2017	Needed to find alternative banks to support financial flows to Iraq and Palestine and explore alternative options with other banks/financial institutions

BANK	OBSTACLE	DETAILS	DATE	IMPACT
U.S. bank	Blocked payment	Refusal to process donations within the U.S. (by a major U.S. credit card company)	2017	Donor relationship standards were challenged; there was no clarity from the credit card company (at the point of donation) that the payment would not be processed
Not reported	Account closure	Non-profit annual “Know your Customer” review with financial institutions; request for extraordinary amount of invasive information on all 30 members of the board; account auto-flagged as high risk; financial institution awaited audit and despite appealing, compliance department stated that their decision was final	Not reported	Not reported
U.S. bank	<ul style="list-style-type: none"> Account closure Refusal to open a new account Frozen Funds 	Bank encouraged long-standing non-profit to open new account for security reasons, then declined the new account; non-profit was given 2-3 days to find an alternative financial institution for funds	Not reported	Frozen funds led to an inability to pay salaries; non-profit had to identify a new bank, which was small, local, and unable to make overseas transfers
Not reported	Account closure	Non-profit informed of account closure; produced extensive documentation in areas it believed caused concern (reasons for potential closure were not communicated by the bank); transactions for programs in Syria and Yemen and with other international partners affected	Not reported	Despite presenting information, documentation, and rationale, accounts were still terminated and remain closed
Not reported	Blocked transfer	Repeated denial of transfers to support hundreds in a Lebanese orphanage	Not reported	Not reported
Not reported	Delayed transfer	Lengthy delays in transmitting funds to pay for fuel needed to power a Syrian hospital; financial institution questioned transactions	2015	Hospital ran out of fuel, leading to severe health complications for many and suspected fatalities
Between two U.S. bank accounts	Excessive/unusual information requests	Transfer from a non-profit to their employee disrupted by request for extensive information on: purpose of wire, entities involved, nature of goods or services rendered, and countries involved	Not reported	Consequences of noncompliance were extensive and included return of funds, OFAC investigation against the bank, and/or temporary or permanent seizing of funds
Not reported	License delay	License expired before funding for a Sudanese orphanage program was completed; told to suspend operations while awaiting the license	Not reported	Took 5 years for regulators to act upon license renewal for food, shelter, and medical care at the orphanage

Reference Articles:

Washington Post, Scrutiny over terrorism funding hampers charitable work in ravaged countries
The Economist, A crackdown on financial crime means global banks are derisking.
The Economist, The unintended effects of rules aimed at stopping financial crimes.

For more information, please contact Princess Bazley-Bethea, Manager of the Together Project, at pbazleybethea@interaction.org.

