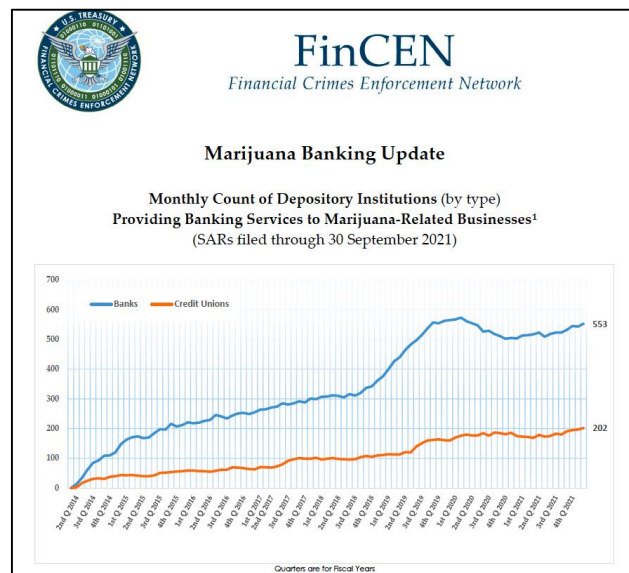


# Another Misunderstanding in Cannabis Banking: FinCEN SARs Filings Do Not Equal the Number of Banks Serving this Emerging Market

It is extremely frustrating to read (media) reporting on banking\* statistics for cannabis – that are not accurate. Recently, an industry publication reported on [FinCEN's Marijuana Banking Update](#) – particularly on “The number of depository institutions (DIs) banking marijuana-related businesses (MRBs)” and we’d like to set the record straight – as some of the numbers and vernacular are being misinterpreted.



Via FinCEN

A bank filing a SAR (suspicious activity report) only means that the bank found a transaction they *think* is suspicious. To file a SAR does not signify active banking in that industry. They could have *accidentally* banked a cannabis transaction, and are not, nor have any intention of *actively serving the cannabis market.*

Experienced cannabis banking (*who are by profession banking*) experts estimate there are approximately 115-130 banks actively serving the cannabis market, not the close to 800 that are often reported – *but with a headline or header that doesn't accurately reflect what is really going on.*

Providing Banking Services to Marijuana-Related Businesses<sup>1</sup>

**The number of depository institutions (DIs) banking marijuana-related businesses (MRBs) increased to 755 institutions in September 2021, up from 723 in June 2021.**

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[Marijuana Banking Update - FinCEN](#)

## Why does this matter? Why are we talking about this misinformation?

Kirsten Trusko, co-founder and CEO of EMC shares the key issue- “Misinformation is dangerous to the entire industry – cannabis and financial services businesses - especially in legislation, regulation, and advocacy. If our lawmakers believe there are almost 800 banks actively serving the cannabis market, then they wonder why there’s a need for cannabis banking reform”.

Misinformation is always dangerous, but *this* misinformation has the power to discount the need for legislative help in normalizing cannabis financial services - by those who could most help –regulators, law enforcement, legislators, and the IRS.

EMC’s message at the state and federal level has been one that resonates on both sides of the aisle – blue and red – in both Senate and House. **The drive to make all transactions Transparent, Traceable, Taxable.** (always adding the word “fairly” to “taxable” in meetings).

The EMC leadership team has worked in many high-risk markets and have been successful in leading change for industry – legislation, regulation, rulemaking, and taxation. This playbook has included correcting *misinformation* like what the SARs reporting number actually means and going positively and proactively to lawmakers to educate using facts, stats, and in-the-trenches-truth.

EMC as a non-profit, focuses on education and acting as a neutral site – the Switzerland - to bring all necessary parties to the table to focus on what needs to be done – to the benefit of all – industry, government and communities.

EMC welcomes engagement from others seeking to do the same, and partners with many other coalitions/associations, and companies seeking to set a high industry bar for how financial services *should* work in the regulated cannabis ecosystem. One key part of this is to write and publish (openly for all) standards, best practices, and guidelines. The first two - Cash Management Standards and Payments Guidelines - have been well received as best practices for the industry. At MJBiz and CannaVest last month, EMC heard from a number of states and compliance organizations who noted they were actively using these in their own work.

For 2023, as worries about the economy are discussed at the Fed and in general news, a key reaction is often for businesses to “tighten their belts”. This doesn’t have to mean contraction in employment or purchasing. In a young emerging market, it can be delivered by more efficient operations and reduction in fraud/theft. To the end, our upcoming EMC Guidelines will focus on Risk Management. Participating in the crafting of these industry standards are open to any EMC member – learn more @EMCoalition.org

*\*“banking” as a generic term that includes all financial institutions – banks and credit unions*