

RISKY BUSINESS: COMPARING RISK LEVELS OF MRBs

Marijuana-related businesses (MRBs) offer incredible opportunities for banks and financial institutions, but with those opportunities comes a wide range of compliance risks. It is crucial for financial institutions to understand the level of risk each type of MRB presents when formulating their policies and procedures to help them effectively identify, oversee, and mitigate the risk of doing business with MRBs.

This helpful reference chart breaks down the three tiers of MRBs into risk-level based categories, as defined by how directly they interact with marijuana as a product.

TIER I	TIER II	TIER III
<p>RISKIEST</p> <p>These businesses directly manufacture, distribute, or dispense marijuana. Tier I MRBs include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Cannabidiol • Cannabis seeds • Cultivation • Harvesting • Industrial hemp • Infused products • Medical dispensary • Packaging • Planting • Processing • Recreational retail • Retail delivery • Testing • Transporting • Wholesaling 	<p>MODERATE RISK</p> <p>These businesses do NOT directly manufacture, distribute, or dispense marijuana. Tier II MRBs include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Advertising and public relations • Hydroponic supplies • Industry associations • Licensing consulting • Marijuana software • Packaging supplies • Payment processors • Training and education 	<p>LEAST RISK</p> <p>Tier III Marijuana-Related Businesses are considered the least risky tier and not a “marijuana business” in the strictest sense. Unlike Tier II, Tier III MRBs are not specifically focused on selling to Tier I MRBs or the marijuana industry. In addition, selling to Tier I MRBs is incidental to Tier III MRB’s overall business and revenue.</p>