

Bank Secrecy Act Rules Reform

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Issue Update

Senior leadership at Treasury and the federal banking agencies have expressed support for true risk-based Bank Secrecy Act (BSA) reform — expressly allowing banks to allocate resources to higher-risk areas and away from lower-risk areas — to focus on real threats, including the \$195 billion Americans may lose annually to fraud, and the trillion-dollar fentanyl crisis. The administration is prioritizing implementing the reforms of the Anti-Money Laundering Act of 2020 (AMLA). AMLA was the first comprehensive overhaul of BSA laws in over two decades. Now is the time to complete needed reforms.

Why It Matters

BSA Program Rule Reform. True BSA program rule reform would explicitly allow banks to reallocate compliance resources away from low-risk areas and direct them to high-risk areas to focus on real threats, while eliminating unnecessary paperwork and box-checking.

Customer Due Diligence (CDD) Rule Reform. Now that FinCEN understands banks open between 140-160 million new accounts each year, rather than one account per company, FinCEN issued exemptive relief in February 2026, which effectively allows banks to collect beneficial ownership information on a “per customer” basis, and update it on a risk basis, as needed. FinCEN also signaled they would amend the 2016 CDD rule to include this relief. Express support for FinCEN to complete this rulemaking.

Beneficial Ownership Rule Reform. FinCEN exempted 33 million U.S. small businesses from beneficial ownership reporting requirements, limiting it to 12,000 foreign businesses. FinCEN should implement additional changes to complete this reform.

Reports Required Under the BSA. Cash is still king and over 20 million Currency Transaction Reports (CTRs) — 1 for every 16 Americans — are filed annually, five times more than reports of suspicious activity (SARs). This also means over a third of banks’ SARs are structuring SARs, diverting banks’ resources away from investigating real threats. Instead of requiring reporting on routine transactions, FinCEN should modernize the CTR rule to limit it to information essential to law enforcement, eliminate complex aggregation requirements, and raise the CTR threshold to at least \$30,000. Likewise, state-licensed cannabis businesses should not require ongoing SAR reporting. The SAR and CTR forms are full of boxes, unread by law enforcement — but that pose compliance traps for banks. Eliminate these boxes, reduce CTR burden, and focus on suspicious activity.

Feedback. Typically, when a bank submits a SAR to FinCEN, the bank hears nothing more. Banks should receive updated information on evolving law enforcement priorities in order to tune their programs and not be asked to screen for outdated advisories. Allow banks to flag their highest priority SARs for law enforcement to determine if they have identified real threats.

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Recommended Action Item

Express support for these regulatory reforms to FinCEN, providing examples of how the outdated rules divert you from protecting your customers and the U.S. financial system from real threats.