

Bank Secrecy Act

Issue Update

As they have for many years, banks continue to identify BSA/AML compliance as one of the most costly and burdensome regulations. The basic compliance structure has not changed since 1970 while banking, law enforcement, and technology have changed significantly. There is a growing consensus that now is the time to update BSA and ABA submitted extensive recommendations to the U.S. Treasury for BSA reform.

Why it Matters

Banks spend a great deal of time and effort complying with BSA/AML requirements but despite their efforts, success is limited. Better communication between banks and law enforcement and more efficient and streamlined reporting is needed to fight illicit finance effectively.

Recommended Action Items

- **Customer Due Diligence.** The major challenge facing banks today is the beneficial ownership rule. May 11, 2018 was the mandatory compliance date for the new rule which sets a higher bar for legal-entity customers by requiring transparency about the owners and one identified manager. ABA has been engaged with FinCEN and the banking agencies to make the transition as smooth as possible and ABA chairs a working group created by FinCEN to provide guidance for the industry.
 - ABA recommends Congress create a federal beneficial ownership registry. A single federal registry of beneficial ownership data would facilitate law enforcement access to the information and would ease the pressure on the financial sector.
- **Currency Transaction Reports (CTRs).** The current \$10,000 threshold for filing a CTR has not been changed since it was adopted in 1970. If adjusted using the Consumer Price Index, the threshold would have been nearly \$65,000 in 2018. There are pending legislative proposals to increase the amount to \$30,000 but law enforcement opposes an increase arguing that cash transactions stand out much more today than they did in 1970.
 - To eliminate unnecessary CTR filings, adopt a seasoned customer exemption that would let banks exempt customers, within parameters set by regulations established by Treasury, to eliminate unnecessary reporting.
- **Information Sharing.** ABA has long called for streamlining the information sharing process. Better and more consistent feedback from law enforcement is critical to help banks focus resources. ABA supports the FinCEN Exchange program, a Treasury initiative announced at the ABA conference last December. There is also a need to streamline and expand how banks may share information internally and with each other.
 - Require better feedback from law enforcement, particularly information on law enforcement priorities to allow banks to focus resources efficiently and effectively.
 - Require regulators to clearly explain how a compliance default identified in an examination or an enforcement action undermines the mission of combatting illicit finance instead of merely emphasizing technical compliance.