

Statement by Vice Chairman Travis Hill on the Proposal to Amend the Bank Secrecy Act Compliance Rule

June 20, 2024

I plan to vote in favor of the proposed amendments to the FDIC’s Bank Secrecy Act (BSA) Compliance Rule (Proposal),¹ as I view this as a positive step in the right direction, but I also think this could have been an opportunity to go further. The BSA requires banks and bank supervisors, among others, to support our national security and law enforcement objectives by targeting illicit financial activities. To accomplish this, we as a society devote enormous resources² to compliance with the BSA regime, while illicit finance remains a major challenge. Recognizing this, the AML Act stated that anti-money laundering and countering the financing of terrorism programs should be “risk-based, including ensuring that more attention and resources of financial institutions should be directed toward higher-risk customers and activities, consistent with the risk profile a financial institution, rather than toward lower-risk customers and activities.”³ While it is an encouraging step forward that the Proposal would explicitly require banks to maintain a “risk-based” BSA compliance program that allows for prioritization of higher-risk customers and activities,⁴ I think we could have pushed further to ensure that the result of this effort is an actual shift in focus towards higher-risk activities and away from lower-risk activities, and to explore additional ways to better target our efforts. For example, the Proposal could have discussed allowing banks to engage in pilot programs to test new compliance technologies, and could have identified, or created a process to identify, types of BSA compliance activities where use of technology and other innovative approaches has proven effective.⁵

I would like to thank the staff for their work on the Proposal and collaboration across all the agencies involved.

¹ The Proposal would align the rule with a concurrent proposal by FinCEN issued pursuant to the Anti-Money Laundering Act of 2020 (AML Act). The AML Act was enacted as Division F, §§ 6001-6511, of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. 116-283 (2021).

² See, e.g., [True Cost of Financial Crime Compliance Study](#), LexisNexis Risk Solutions (September 2022) (estimating that financial crime compliance costs by companies in the United States and Canada totaled \$56.7 billion in 2022); Financial Crimes Enforcement Network, [FinCEN Year in Review for FY 2023](#) (showing that more than 27 million reports were filed pursuant to the BSA in fiscal year 2023).

³ 31 U.S.C. § 5318(h)(2)(B)(iv)(II).

⁴ Proposal, § 326.8(b)(2).

⁵ Examples might include the use of facial recognition software for purposes of know-your-customer data collection requirements and the use of artificial intelligence or blockchain technology to increase the effectiveness and efficiency of transaction monitoring.