

On April 7, 2026, FinCEN issued a proposal to implement provisions of the Anti-Money Laundering (AML) Act of 2020 that would amend regulations under the Bank Secrecy Act (BSA) and promote greater clarity and consistency regarding requirements applicable to different types of financial institutions.¹ The proposal would require institutions to establish and maintain risk-based, outcome-focused AML/Countering the Financing of Terrorism (CFT) programs by directing greater attention and resources to higher-risk customers and activities and strengthening focus on overall program effectiveness.

5 insights you should know

- 1** **Risk-based program focused on effectiveness and outcomes:** To evidence an effective program, the proposal would require institutions to **establish and maintain risk-based internal policies, procedures, and controls** that are reasonably designed to identify, assess, and document money laundering and terrorist financing risks through **formal risk assessment processes**. In practice, institutions would be expected to align program design, implementation and decision-making to their documented risk profile, incorporate **national AML/CFT priorities** as appropriate, and promptly update risk assessments when inherent risks materially change.
- 2** **Higher-risk resource allocation:** The proposed rule emphasizes that institutions should **direct more attention and resources toward higher-risk customers and activities**, rather than applying the same level of effort across lower-risk areas. In practice, this could support reallocating compliance staffing, technology, and oversight toward areas of greater risk exposure, provided those decisions are grounded in a reasonably designed risk assessment and reflect management's understanding of its inherent risk profile.
- 3** **AI and innovation to support program effectiveness:** For covered financial institutions, the proposal emphasizes that the **responsible use of artificial intelligence (AI), advanced analytics, and other innovative technologies** be incorporated into the execution of critical risk mitigating controls underpinning the AML/CFT program. FinCEN describes this as part of an **effectiveness-focused, risk-based approach** intended to reflect how institutions may use innovative tools to **better identify, investigate, and report illicit finance risks**, while maintaining appropriate governance and accountability.
- 4** **Program governance and US-based accountability:** The proposal would **require that AML/CFT programs be maintained in writing and approved by the board of directors, an equivalent governing body, or appropriate senior management**, and would require designation of a responsible individual located in the United States, with geographical flexibility allowed for personnel bearing AML/CFT execution responsibilities. Operationally, this reinforces clearer governance, regulator access, and accountability for program establishment, implementation, oversight, and access to sufficient resources and personnel.
- 5** **FinCEN supervisory oversight centralization and examination focus:** The proposal sets forth a **supervisory and enforcement framework that requires federal banking agencies to provide notice to and consult with FinCEN** when contemplating enforcement action and significant supervisory actions against institutions. Additionally, the proposal signals a **shift away from isolated technical examination findings** based solely on program design and **toward an assessment of overall AML/CFT program effectiveness in practice**, including through independent testing, remediation, contributions to law enforcement goals and the usage of innovative technologies. The proposal emphasizes that both **examiners and internal audit should not second-guess reasonable judgments on risk and resource allocation** but instead should assess whether those judgments are supported by sound risk assessment processes and implemented in all material respects.

Comments on the proposal must be received by June 9, 2026. In the meantime, financial institutions should consider undertaking the actions listed below in response to the overall key themes cited in the proposal. The proposal notes that the rule will become effective 12 months from the date of issuance of the final rule.

5 considerations to evaluate

- 1 Demonstrate risk-based program effectiveness in practice:** Institutions should **evaluate their AML/CFT program and identify enhancements needed to provide for robust processes**, including clearly defining and allocating the budget and resources required to support the design, implementation, and ongoing maintenance of a risk-based program. There should be clearly documented linkages between management's evaluation of the institution's inherent risk profile, appetite and tolerances to the overall allocation of controls and resources from a risk-based perspective. Consider executing staffing, **resourcing and training needs assessments across all risk lines to drive and evidence the (re)allocation of resources to higher risk areas**, as needed. Outcomes should be clearly evident, including concrete examples of material contributions to law enforcement, incorporation of national priorities and mitigation of higher risk activities.
- 2 Enhance risk assessment processes:** Institutions should **consider whether current risk assessment processes adequately identify, assess, and document money laundering and terrorist financing risks** across products, services, customers, geographic locations, and distribution channels, as well as whether they **appropriately incorporate the AML/CFT national priorities**. Institutions should also evaluate whether **risk assessments are updated promptly when changes materially affect the institution's risk profile** and whether those updates **meaningfully influence program directional decisions**.
- 3 AI and innovation within the program framework:** Institutions should **assess how AI, advanced analytics, and other innovative capabilities may contribute** within the broader controls framework of the AML/CFT program for effectiveness purposes. Institutions may consider **proactive partnership with technology firms to assess where these capabilities could enhance core control processes**, including know your customer (KYC), transaction monitoring, and sanctions screening, while providing that any tool deployment is supported by robust data integrity, lineage, and validation frameworks, along with appropriate governance, oversight, testing and accountability.
- 4 Strengthen governance and accountable ownership:** The AML/CFT program should be **documented in writing, kept current, and approved through appropriate governance channels, and clearly establish accountable ownership**. This includes evaluating whether the designated US-based **AML/CFT officer has sufficient authority, independence, stature, and access** to personnel, technology, and funding to support both program establishment and ongoing implementation, as well as whether **training is ongoing and tailored to risks and roles**. To better demonstrate adequate governance and oversight of program effectiveness, institutions should evaluate how they may **enhance existing information reporting frameworks** to capture and escalate metrics regarding investigative contributions to FinCEN and law enforcement, staffing sufficiency, as well as successful implementation of innovative technologies in risk-based application and risk mitigation.
- 5 Prepare for effectiveness and outcome-based testing and supervision:** Institutions should assess whether independent testing, management reporting, remediation tracking, and issue escalation processes are sufficient to support an effectiveness-based supervisory environment. This includes considering whether **testing is objective and sufficiently independent**, whether **remediation is evaluated for sufficiency**, and whether the institution can demonstrate that innovation, including AI or other technology-enabled capabilities, is being used in a way that supports program effectiveness and broader AML/CFT objectives. It's important to ensure mechanisms are in place to **promote transparent and ongoing communication with supervisors** regarding risk-based program changes, contributions to law enforcement, usage of innovative technologies and outcome-based examples.

Endnotes

1. Financial Crimes Enforcement Network (FinCEN), "[FinCEN Proposes Rule to Fundamentally Reform Financial Institution Programs Designed to Fight Illicit Finance](#)," press release, April 7, 2026. *See also* Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), "[Anti-Money Laundering and Countering the Financing of Terrorism Programs](#)," *Federal Register*, April 10, 2026.

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