# What the New AML/CFT Program Rule Means for Your MSB

*A Practical Guide to the Proposed Overhaul of BSA Compliance Standards*

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# Introduction

If you operate a Money Services Business in the United States, the ground beneath your compliance program is shifting. On April 10, 2026, FinCEN published a proposed rule that would rewrite the compliance playbook for every financial institution covered by the Bank Secrecy Act—including yours.[1]

The proposal replaces the entire text of 31 CFR 1022.210—the regulation that defines what your AML program must look like. In its place, FinCEN is proposing a framework that prioritizes results over process, expects you to know your own risks better than any examiner does, and gives you considerably more latitude in how you run your program—provided you can demonstrate that it works.

This guide breaks down the proposed changes in practical terms. We compare what the rules require today against what they would require if adopted as proposed. Our goal is straightforward: when you finish reading this, you should understand exactly what is changing, what stays the same, and where your program may need attention before the compliance clock starts ticking.

Public comments are due by June 9, 2026. If adopted, the final rule would take effect twelve months after publication. The window to prepare is open now.

# What Changed and Why It Matters

To understand the proposed rule, it helps to understand the frustration that produced it.

For years, BSA compliance has operated under an unspoken bargain: follow the process, check the boxes, and you will be left alone. The problem is that this approach generated enormous volumes of paperwork while often failing to produce intelligence that law enforcement could actually use. Financial institutions spent heavily on compliance infrastructure that satisfied examiners but did little to disrupt money laundering. Meanwhile, the regulatory environment became so punitive that many institutions chose to close accounts rather than manage risk—a practice known as "debanking" that pushed entire communities into the unregulated shadow economy.[2]

Congress responded in 2020 with the Anti-Money Laundering Act, which directed the Treasury Department to modernize BSA requirements around three principles: programs should be risk-based, they should be reasonably designed, and they should focus on outcomes that serve national security. The current proposal is the result of that mandate, shaped by two prior rounds of public comment and a clear policy signal from Treasury that the compliance landscape is being rebuilt from the foundation up.[3]

For MSBs, the implications are significant. The existing program rule was written in broad strokes and left much to interpretation. The new proposal is more explicit about what FinCEN expects—particularly around risk assessment—while simultaneously giving MSBs greater freedom in how they meet those expectations.

# The New Standard: What Makes a Program Effective

The most important conceptual change in the proposal is the introduction of a two-part test for compliance. Under the current rule, your program either meets the standard or it does not—there is no formal distinction between a program that was poorly designed and one that was well-designed but had a bad day. The proposal draws that line explicitly.

## Two Prongs: Design and Execution

Going forward, an MSB would need to satisfy two separate requirements. First, it must ***establish*** a program—meaning design it properly with all the required components. Second, it must ***maintain*** that program by implementing it in all material respects. Meet both, and the program is considered effective. Fall short on design, and you have a structural problem. Fall short on execution despite good design, and the regulatory response should be proportionate to the lapse.

This matters because it creates breathing room for real-world operations. An MSB that has built a solid compliance framework but misses an isolated filing or has a single training gap is in a fundamentally different position than one that never assessed its risks in the first place. The current rules treat both situations the same way. The proposed rules recognize the difference.[4]

## A Realistic Benchmark

FinCEN acknowledges something that every compliance professional already knows: no program catches everything. The proposal makes clear that an effective program is one that is reasonably designed to address the risks the business actually faces and is implemented with genuine rigor. This is a meaningful departure from the zero-deficiency mentality that has dominated BSA examinations for the past two decades.

*The Effectiveness Standard — Then and Now*

| Element | Current Rule | Proposed Rule |
|---|---|---|
| **Compliance Standard** | Program must be reasonably designed to prevent ML/TF | Program must be effective: properly designed and implemented in all material respects |
| **Design vs. Execution** | Any deficiency is treated the same way | Design failures and implementation lapses are evaluated separately |
| **Expectations** | Examination culture often implied zero tolerance | Reasonable design and material implementation are the benchmarks |
| **Naming Convention** | Anti-money laundering program | Anti-money laundering / countering the financing of terrorism program |

# Risk Assessment: From Implied to Required

If there is one area where the gap between the current and proposed rules is widest, it is risk assessment. Today, the MSB program rule never uses that phrase. It requires controls that are proportionate to your risks, which logically means you need to identify those risks somehow—but the regulation itself is silent on the matter. Many MSBs have operated for years with informal or undocumented risk evaluations, relying on institutional knowledge rather than a structured process.[5]

The proposed rule closes that gap. Risk assessment becomes an explicit, documented obligation—and the rule specifies exactly what dimensions your assessment must cover.

## The Five Dimensions of Risk

Under the proposal, your risk assessment processes must evaluate the money laundering and terrorist financing risks across five areas of your business:

1. **Products and services** — What you offer (check cashing, money orders, money transmission, etc.)
2. **Distribution channels** — How you deliver those services (storefront, online, mobile, agent network)
3. **Customers** — Who you serve and the risk profiles they present
4. **Geographic locations** — Where you operate, including HIDTA/HIFCA designations and international exposure
5. **Business activities** — The broader operational context in which the above factors interact

If your current risk assessment does not address all five of these categories, it will need to be expanded.

## National Priorities: Review Required, Blind Adoption Unnecessary

The proposal also requires MSBs to review the national AML/CFT Priorities published by FinCEN and incorporate them into the risk assessment where appropriate. The key phrase here is "as appropriate." A domestic check casher serving a local market can reasonably determine that priorities related to virtual asset money laundering or correspondent banking have limited relevance to its operations. You must review them, consider whether they apply, and document your reasoning. The obligation is to engage with the priorities thoughtfully—the determination of relevance remains yours.

## When to Update: Events Over Calendars

The current rule says nothing about how often you should revisit your risk assessment. Industry practice has defaulted to annual reviews, largely driven by examination expectations. The proposed rule takes a different approach: rather than prescribing a schedule, it requires updates whenever a material change occurs that significantly affects your risk profile. Opening a new location, adding a product line, experiencing a spike in suspicious activity, or expanding into a new customer segment would all qualify. Risk assessment becomes a living process, responsive to real events rather than tied to a fixed cycle.[6]

### Methodology: Your Call

The proposed rule does not prescribe how you assess risk. There is no required format, no mandated scoring system. FinCEN deliberately uses the plural "processes" rather than "process" to signal that you may use multiple approaches—a quantitative matrix for some risk dimensions, qualitative analysis for others, periodic deep dives into specific product lines—and that examiners will evaluate the totality of your efforts rather than the adequacy of any single document.[7]

What the rule does require is that the results be ***documented***. Informal assessments kept in institutional memory will no longer satisfy the standard.

*Risk Assessment — What Changes*

| Element | Current Rule | Proposed Rule |
|---|---|---|
| **Risk Assessment** | Implied by the requirement for risk-proportionate controls | Explicitly required: identify, assess, and document your ML/TF risks |
| **Scope** | Loosely tied to "products" | Five defined dimensions: products, services, distribution channels, customers, geography |
| **National Priorities** | No reference | Must be reviewed; incorporated where relevant to your business |
| **Update Cadence** | Silent (annual by convention) | Event-driven: update when material changes occur |
| **Documentation** | Not explicitly required | Required |
| **Methodology** | Not prescribed | Still flexible—multiple approaches acceptable |

## Controls and Resource Allocation

The current rule requires internal policies, procedures, and controls proportionate to the risks your products pose. The proposed rule keeps that idea but sharpens it in two important ways.

### Permission to Prioritize

Perhaps the most consequential language in the entire proposal is the explicit instruction to direct more attention and resources toward higher-risk customers and activities—and, by clear implication, fewer resources toward lower-risk ones. This is a direct repudiation of the compliance culture that treated every transaction, every customer, and every product line with identical scrutiny regardless of actual risk.

In practice, many MSBs have been afraid to differentiate. Applying lighter controls to a low-risk segment felt like creating an examination finding waiting to happen. The proposed rule puts that fear to

rest—at least on paper. Risk-based resource allocation is the stated expectation. An MSB that applies identical monitoring intensity to a regular payroll check-cashing customer and to a walk-in conducting a large one-time transaction is arguably missing the point of the new standard.

### Reasonably Designed

The proposal frames all internal controls under the standard of "reasonably designed." Your controls need to make sense given your risk profile, your size, and your operational complexity. A three-location check casher in suburban Florida is held to a different practical standard than a multi-state money transmitter processing remittances to thirty countries. The regulation accommodates both, but expects each to design controls that match its own reality.

### The Automated Data Processing Provision

The current MSB rule includes a provision encouraging integration of compliance procedures with automated data processing systems. The proposed rule removes it. This reflects FinCEN's view that technology decisions belong under the same risk-based, reasonably-designed standard that applies to everything else in the program—the agency sees no reason to single out automated systems in the regulatory text when the broader framework already covers them.[8]

## The Compliance Officer Role: Elevated and Clarified

Today, the rule requires an MSB to designate someone to "assure day to day compliance" and then lists specific duties: making sure reports get filed, records get kept, and employees get trained. The proposed rule removes that duty list and replaces it with a broader mandate.

### An Expanded Mandate

Under the proposal, the designated individual is responsible for establishing and implementing the entire AML/CFT program. The specific duty list is eliminated because FinCEN considers it more appropriate for each MSB to define the role according to its own operations. The officer's responsibility is defined by the scope of the program itself.[9]

### U.S. Location and Accessibility

The proposal adds two explicit requirements that were previously addressed only in statute or guidance. The compliance officer must be physically located in the United States and must be accessible to FinCEN and its designees. For most domestic MSBs, this changes nothing in practice. But for MSBs with foreign ownership structures or offshore management, this provision formalizes what was previously a gray area.

### Qualifications and Resources

The preamble discussion makes clear that the compliance officer must be qualified, must have sufficient bandwidth for the role, and must have access to adequate resources—including budget, staff, technology, and organizational authority. A compliance officer who lacks the standing to push back on the business side of the operation, or who is buried under unrelated duties, would fall short of the standard. This is newly emphasized in the preamble, even though the underlying expectation has been there for some time.

*Compliance Officer Requirements*

| Element | Current Rule | Proposed Rule |
|---|---|---|
| **Core Mandate** | Assure day-to-day compliance | Establish, implement, coordinate, and monitor the entire program |
| **Specific Duties** | Listed: filing, records, training | Removed—scope defined by the program itself |
| **Location** | Silent in rule text | Must be in the United States |
| **Accessibility** | Not addressed | Must be accessible to FinCEN and its designees |

## Testing, Training, and Documentation

Three additional program components carry forward from the current rule with targeted modifications. The changes here are narrower, but the nuances matter.

### Independent Testing

The requirement for independent program testing remains. You may still use internal staff or an outside party. The key refinement is in what "independent" means. The proposal makes clear that anyone reporting directly or indirectly to the compliance officer is generally too close to the program to test it. Outside parties who also handle your AML training or help develop your policies present a conflict of interest and would not qualify either.[10]

One welcome addition: MSBs with simpler operations and lower risk profiles may use shared testing resources—essentially pooling with other MSBs to engage a common independent tester. This acknowledges the economic reality of smaller operators who may struggle to justify the cost of a standalone audit engagement.

### Employee Training

The current rule requires "education and/or training of appropriate personnel." The proposed rule requires "an ongoing employee training program." The practical difference is modest—the word "ongoing" signals continuity, which has been the regulatory expectation for years. No specific frequency, format, or curriculum is prescribed.

### Written Program and Approval

The program must be in writing and must be approved at the appropriate governance level. The current rule requires approval by "senior management." The proposal expands this to "board of directors, an equivalent governing body, or appropriate senior management"—a change that accommodates MSBs with varying corporate structures while preserving the substance of the requirement. The program must be available to FinCEN or its designees upon request, as before.

## Provisions Unique to MSBs

FinCEN recognizes that MSBs are an extraordinarily diverse category—the same regulatory bucket holds single-window check cashers, nationwide money transmitters, and prepaid card issuers. Several provisions specific to this diversity are carried forward into the new framework.[11]

### Agent-Principal Arrangements

If your MSB operates as an agent for another MSB (or vice versa), you may continue to allocate responsibility for developing internal policies and controls by agreement between the parties. This reflects the reality of how money transmission networks operate, and the proposal carries it forward with one important clarification: regardless of who develops the program, each party remains solely responsible for implementing it at its own level.

### Prepaid Access

The customer identification requirements for providers and sellers of prepaid access are retained in full. Providers must verify identity and maintain records for five years after the last use of the prepaid device. Sellers must have procedures for transactions exceeding $10,000 in a single day and retain records for five years from the sale date.

### The 90-Day Window for New MSBs

A newly established MSB has 90 days from the date it begins operations to develop and implement a compliant AML/CFT program. This deadline is unchanged from the current rule.

# Technology: A Green Light with Guardrails

## Where the Industry Stands Today

The financial services industry is in the middle of a technology transformation in compliance, and the gap between early adopters and laggards is widening fast. Among large banks, AI and machine learning are now standard tools—roughly four out of five large institutions use some form of AI in their AML programs, primarily for transaction monitoring and customer screening. The results are tangible: institutions that have moved to AI-powered monitoring systems report reductions in false positive alerts of 50% or more, freeing compliance staff to focus on genuinely suspicious activity rather than clearing noise.[12]

MSBs, however, have been slower to adopt. Smaller budgets, limited technical staff, and the fear of regulatory pushback have kept many operators reliant on manual processes and rule-based monitoring systems with false positive rates that can exceed 90%. The result is a compliance function that consumes disproportionate resources relative to the actual risk it manages—precisely the dynamic that the proposed rule is designed to address.

Recent enforcement actions have reinforced the cost of underinvestment. In 2024, one of the largest BSA enforcement orders in history cited, among other failures, inadequate technology infrastructure and transaction monitoring systems that were functionally unable to keep pace with the institution's risk profile. The lesson is clear: compliance technology is no longer optional, and regulators are paying attention to whether your tools match the complexity of your operations.

## What the Proposed Rule Says

Against this backdrop, the proposed rule's technology provisions are notable for their directness. The preamble names specific technologies—machine learning, generative AI, digital identity tools, blockchain analytics, and APIs—and frames them as tools that can help financial institutions combat financial crime more effectively.[13]

The proposal also addresses a concern that has frozen many institutions in place: the fear that adopting new technology will attract additional supervisory scrutiny. The preamble pushes back on this directly. It discourages the over-application of model risk management frameworks—originally designed for credit and market risk models—to AML/CFT compliance tools. If you adopt an AI-powered transaction monitoring system and it performs well, you should face the same examination standard as any other MSB. The question regulators will ask is whether the program works, regardless of the tools you chose to build it with.

## The Opportunity for MSBs

For MSBs, this regulatory posture opens a door that has been effectively closed by examination culture. AI-powered risk assessment platforms, automated suspicious activity detection, intelligent document analysis, and real-time compliance monitoring are all now explicitly within the range of tools FinCEN considers appropriate. The global regulatory technology market has grown rapidly—reaching an estimated $127 billion in 2024—and the tools available to smaller financial institutions are increasingly accessible, cloud-based, and designed for organizations that lack dedicated data science teams.

The proposed rule's "reasonably designed" standard aligns naturally with this trend. An MSB that deploys an AI-powered compliance platform capable of risk assessment, monitoring, and reporting is arguably better positioned to meet the new standard than one relying entirely on manual processes and spreadsheets—provided the technology is implemented thoughtfully and its outputs are reviewed by qualified personnel.

### The Bottom Line

MSBs that adopt technology-driven compliance solutions—whether for transaction monitoring, risk assessment, customer screening, or report generation—will be evaluated on the effectiveness of their programs. The proposed rule makes clear that innovation is welcome, and that the examination standard is the same whether your tools are traditional or cutting-edge.

# The Full Picture: Side-by-Side Comparison

The following table consolidates every major program element discussed in this guide, placing the current requirement alongside the proposed requirement for direct comparison.

*Complete MSB Program Requirements — Current vs. Proposed*

| Program Component | Current Rule | Proposed Rule |
|---|---|---|
| **Effectiveness Standard** | Reasonably designed to prevent ML/TF | Effective = properly designed + implemented in all material respects |
| **Risk Assessment** | Implied only (controls must match risks) | Explicit: documented evaluation across products, services, channels, customers, geography |
| **National Priorities** | Not referenced | Must review; incorporate where relevant to your operations |
| **Update Triggers** | Not addressed (annual by convention) | Material changes to risk profile |
| **Resource Allocation** | Not addressed | Must prioritize: more resources to higher risk, less to lower risk |
| **Controls Framework** | Proportionate to product risks; ADP integration encouraged | Risk-based, reasonably designed; ADP provision removed |
| **Independent Testing** | Required; internal (not AML officer) or external | Required; tightened independence standards; shared resources allowed for smaller MSBs |
| **Compliance Officer** | Designated for day-to-day compliance; duties enumerated | US-based; accessible to FinCEN; owns entire program; duty list removed |
| **Training** | Education and/or training of personnel | Ongoing training program (substantively similar) |
| **Written Program** | Required; approved by senior management | Required; approved by board, governing body, or senior management |
| **Agent-Principal** | Responsibility allocation by agreement | Unchanged |
| **Prepaid Access** | Customer ID for providers/sellers | Unchanged |
| **New MSB Deadline** | 90 days | 90 days (unchanged) |
| **Technology** | ADP encouraged | AI, ML, blockchain analytics, and other innovations explicitly welcomed; model risk overreach discouraged |

## What To Do Now

The final rule has yet to be issued, and there will be modifications based on public comments. But the direction is clear, and the core framework is unlikely to shrink. MSBs that begin preparing now will have a meaningful advantage over those that wait.

*Regulatory Timeline*

| Milestone | Date | Notes |
|---|---|---|
| Proposed rule published | April 10, 2026 | 91 FR 18704 |
| Comment period closes | June 9, 2026 | Submit at regulations.gov, Docket FINCEN-2026-0034 |
| Final rule expected | TBD | FinCEN will review comments and may modify the proposal |
| Compliance deadline | TBD + 12 months | Twelve months after publication (commenters have requested 12–24) |

In the meantime, consider the following:

1. **Audit your risk assessment.** Does it exist in writing? Does it cover all five risk dimensions the proposal requires—products, services, distribution channels, customers, and geography? If gaps exist, start closing them now.
2. **Review your resource allocation.** Are you applying the same controls to every customer and transaction regardless of risk? Start thinking about where you can differentiate—and where you should be investing more.
3. **Evaluate your compliance officer structure.** Does your designated individual have the authority, resources, and bandwidth to own the entire program? Are there conflicts of interest that need to be resolved?
4. **Check your testing independence.** Does your independent tester report to or work alongside your compliance officer? Does your outside testing firm also provide training or policy development? Either situation may be a problem under the proposed standards.
5. **Look at the AML/CFT Priorities.** Have you reviewed them? Can you articulate which ones apply to your business and which ones do not? Document your reasoning now—it will be required.

## Conclusion

This proposed rule is a reset of the relationship between MSBs and their compliance obligations. The old model rewarded process adherence; the new model rewards risk intelligence. The old model treated every deficiency as a potential enforcement action; the new model distinguishes between programs that were never properly built and programs that stumbled in execution.

For MSBs that have been doing this work seriously—assessing risk, documenting decisions, investing in controls that match actual threats—the proposed rule is largely a validation. The regulatory framework is catching up to what good operators have been doing for years.

For MSBs that have been getting by on informal processes, undocumented assessments, and compliance officers who wear too many hats, the proposed rule is a wake-up call. The expectations are becoming explicit, and the window to get ahead of them is measured in months.

The final rule may differ from the proposal in its details. It will not differ in its direction.

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## Endnotes

**1.** The proposed rule amends 31 CFR Parts 1010 through 1030, covering all eleven categories of financial institutions subject to BSA program rules. This analysis addresses the impact on MSBs under Part 1022.

**2.** The proposed rule explicitly addresses debanking concerns and implements Executive Order 14331 on fair banking access. See 91 FR 18706–18707.

**3.** Anti-Money Laundering Act of 2020, Pub. L. 116-283, section 6101(b). The current proposal supersedes FinCEN's 2024 NPRM (89 FR 83494).

**4.** See 91 FR 18711, where FinCEN states that it is not practically possible for any institution to detect and report every illicit transaction.

**5.** Current 31 CFR 1022.210(d)(1) requires controls commensurate with risks but does not use the term "risk assessment." FinCEN acknowledges in the preamble (91 FR 18715) that this created an implicit requirement that is now being made explicit.

**6.** FinCEN does not define what constitutes a "significant" change or what "promptly" means in this context, and has requested public comment on both points. See 91 FR 18725, Questions 14–15.

**7.** See 91 FR 18715: FinCEN uses the plural "processes" to signal that institutions will be evaluated on the totality of their risk assessment efforts, rather than the adequacy of any single document.

**8.** The removal of the automated data processing language from current 1022.210(d)(1)(ii) is described by FinCEN as reflecting the broader risk-based approach. See 91 FR 18723.

**9.** FinCEN states that removing enumerated duties allows each MSB to define the role according to its own operational needs. See 91 FR 18719–18720.

**10.** See 91 FR 18718–18719 for FinCEN's expanded discussion of independence standards, including the conflict-of-interest provisions for outside parties.

**11.** FinCEN describes the MSB-specific provisions as reflecting an appreciation that "remains as accurate now as it was when these unique elements were included." See 91 FR 18723.

**12.** Industry surveys indicate that approximately 80% of large financial institutions now use AI or machine learning in some aspect of their AML programs, with AI-powered transaction monitoring systems reducing false positive rates by 50% or more compared to traditional rule-based approaches. MSB adoption rates are significantly lower. See Silent Eight, 2025 Trends in AML and Financial Crime Compliance; Moody’s, AML in 2025.

**13.** See 91 FR 18714–18715 for FinCEN's discussion of technology adoption and its position on model risk management frameworks applied to AML/CFT tools.