The FinCEN Notice of Proposed Rulemaking Regarding
Anti-Money Laundering and Countering the Financing of Terrorism –
An Executive Summary
By Dan Bagus

Introduction

The Financial Crimes Enforcement Network (FinCEN) has issued a Notice of Proposed Rulemaking (NPRM[1]) that fundamentally reforms the requirements for financial institutions' anti-money laundering and countering the financing of terrorism (AML/CFT) programs. Below is Artisan Advisors' executive summary of the salient points of the proposal.

Overview

Much of the 202-page NPRM provides detailed explanation, objectives, terms, and definitions, as well as technical changes related to each business type affected by the rule. Our intent here is to focus on the key takeaways that will impact the work required to ensure your AML program aligns.

In general, common themes used throughout the document include "establish" and "maintain" effective AML/CFT programs. In other words, in addition to *establishing* an AML/CFT program, regulators will be looking for evidence that financial institutions are, in fact, *maintaining* or carrying out their established programs, policies, and procedures (i.e. controls). While the proposed rule seeks to clarify and reinforce the distinction between failures to *establish* an AML/CFT program and failures to *implement* a properly established program, failure to implement (and issues that arise therefrom) will have greater influence in issuing regulatory actions[2].

Importantly, the established AML/CFT Program must also continue to evolve with the bank's risk profile[3]. It further encourages the use of technological innovation to accomplish said objectives.

Key Takeaways:

1. FinCEN will have an elevated role in the AML/CFT supervision process for banks to promote consistent, risk-focused supervision by bank examiners:
   a. Requires federal banking regulators to consult with FinCEN prior to taking certain types of supervisory or enforcement actions related to banks' AML/CFT programs.
2. Directs focus on higher-risk areas and explicitly permits financial institutions to de-prioritize lower risks, enhancing efficiency while better serving law enforcement and national security objectives.
3. The risk-based set of internal policies, procedures, and controls must also be reasonably designed to:
   a. identify, assess, and document the financial institution's ML/TF risks through risk assessment processes that evaluate the risks of the institution's business activities

[1] https://www.federalregister.gov/documents/2026/04/10/2026-07033/anti-money-laundering-and-countering-the-financing-of-terrorism-programs
[2] https://www.federalregister.gov/d/2026-07033/p-112
[3] https://www.federalregister.gov/d/2026-07033/p-114

   b. mitigate the financial institution's ML/TF risks, as identified (and prioritized by) the financial institution's risk assessment processes.
4. The proposed rule maintains the prominence of the four pillars[4];
5. Examiners would be expected to assess whether[5]:
   a. a financial institution's resource allocation decisions are informed by, and consistent with, reasonably designed risk assessment processes
   b. the financial institution knows or should know of resource-related issues.
6. Risk Assessment Processes[6] shall:
   a. evaluate the ML/TF risks of the financial institution's business activities, including products, services, distribution channels[7], customers, and geographic locations
   b. proactively address AML/CFT priorities stemming from the assessment (in a risk-based manner)
   c. make program adjustments as identified through the assessment.[8]

Artisan's Insight:
Risk assessment is now a required control component—not just a document. Examiners are expected to verify traceability from the established risk assessment program to its implementation across the operation.

The risk assessment shall be the foundation for *establishing* and *maintaining* internal controls, monitoring practices, and other ancillary assessment processes. Therefore, the more objective, quantified output your risk assessment provides - measuring key risk factors across your customers, products and geographies – the more informed an institution will be, providing definitive defense for your actions.

About the Author
In his more than 40-year career, Dan Bagus has served in senior level positions at financial institutions ranging from community banks and middle market commercial banks to highly diversified financial services organizations like BMO Harris N.A, Discover Financial Services and Charles Schwab Corporation. With his notable expertise in risk management design, building cross-functional teams, and mentoring young professionals, Dan counsels Artisan clients on a broad and diverse range of compliance, risk and operations issues.

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[4] The Four Pillars are: 1) System of Internal Controls; 2) Independent Testing; 3) BSA Officer; 4) Ongoing Training. https://www.federalregister.gov/d/2026-07033/p-18
[5] https://www.federalregister.gov/d/2026-07033/p-118
[6] https://www.federalregister.gov/d/2026-07033/p-160
[7] FinCEN considers "distribution channels" to refer to the methods and tools through which a financial institution opens accounts and provides products or services, including, for example, through remote or other non-face-to-face means. https://www.federalregister.gov/d/2026-07033/p-168
[8] Our model accomplishes this in appropriate detail, can be tailored to any organization profile, and has passed regulatory scrutiny for all types, sizes and profiles.

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