

Regulatory Alert

Regulatory Insights for Financial Services

July 2025

FinCEN: Recent Orders and Actions

KPMG Regulatory Insights:

- **Reform/Modernization:** Outlined changes to include emphasizing highest risk areas (customers and activities), streamlining SAR and CTR reporting processes, and encouraging innovation to improve how suspicious activity is identified and investigated; strong support for public/private partnerships and input.
- **Continued/Expanded Exams:** Regulatory examinations have shown no indication of easing. Expect the same rigorous examination approach to continue, with expanded focus in priority areas such as transnational narcotics and human trafficking, inclusive of AML programs, transaction monitoring, inter-related transactions, sanctions/secondary sanctions, etc.

Recent actions and orders issued by the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) underscore a continued focus on anti-money laundering and countering the financing of terrorism (AML/CFT) obligations. Actions include:

1. Orders to designate certain foreign-based financial institutions as entities of primary money laundering concern.
2. An outline of "guiding principles" for Bank Secrecy Act (BSA) "modernization."
3. An order granting an exemption to the tax identification number (TIN) provisions of the customer identification program (CIP) requirements.
4. Release of FinCEN's Year in Review for Fiscal Year 2024 report.

1. Order Identifying Financial Institutions of Primary Money Laundering Concern

FinCEN [issues orders](#) identifying three Mexican-based financial institutions as being of primary money laundering concern in connection with illicit opioid trafficking based on what Treasury [characterizes](#) as a "long-standing pattern of associations, transactions, and provision of financial services

that facilitate illicit opioid trafficking by Mexico-based cartels."

The orders prohibit US-based covered financial institutions (as defined under the BSA) from engaging in *any* transmittals of funds from or to the three entities as well as from or to any account or convertible virtual currency address administered by or on behalf of the entities. Compliance with the prohibition will be required beginning September 4, 2025. (Note: The orders originally required a compliance date of July 21, 2025, but FinCEN has since [extended](#) that date by 45 days noting that the Government of Mexico has taken further steps to address the concerns raised in the orders, including by assuming temporary management of the affected institutions to promote regulatory compliance and the prevention of illicit finance.

2. Principles for BSA "Modernization"

In recent remarks, the Deputy Secretary of the Treasury outlines ["guiding principles" for "modernizing" BSA compliance](#).

The principles emphasize that regulatory changes should: have a clear statutory mandate; balance costs and benefits; and be applied consistently across industries and entities.

Changes to the BSA/AML/CFT regulatory framework are expected to:

- Streamline the filing of SARs and CTRs, including potentially modifying the forms and enhancing the processes by which relevant activity is identified/investigated.
- Direct resources to highest-risk areas to financial institutions (customers and activities) and national security priorities.
- Align government and private sector responses to new and emerging threats.
- Generate useful information in prioritized areas for the purposes of law enforcement and national security agencies (including by combatting drug cartels, human traffickers and smugglers, fraudsters, and terrorists.)

3. Exemption Order to CIP Requirements

In coordination with the [FDIC, OCC and NCUA](#), FinCEN releases [an exemption order](#) modifying Tax Identification Number (TIN) requirements for the Customer Identification Program (CIP).

The order permits banks and credit unions (collectively, Banks) to collect TIN information from a third party, rather than directly from the customer. The agencies state this will fulfill the CIP requirement to obtain TIN information prior to opening an account, following the CIP Rule's requirement for Banks to have risk-based procedures to form a "reasonable belief" that the Bank knows the true identity of a customer. Banks are not required to use this exemption or to use an alternative collection method for TIN information, and Banks must still comply otherwise with the CIP Rule.

4. FinCEN 2024 Year in Review

FinCEN has released its [Year in Review for Fiscal Year 2024 Report](#) presenting data related to BSA reporting requirements

as well as the use of those reports in investigations and prosecution of financial crimes and related activities, including countering money laundering and the financing of terrorism. Key findings for FY 2024 include:

- **BSA Data Reporting.** FinCEN receives reports from approximately 432,000 financial institutions. In FY 2024, FinCEN received approximately 4.7 million SARs and 20.5 million CTRs.
- **Agency Use of BSA Data and Authorized Access.** FinCEN delivered approximately 400 analytical intelligence reports to law enforcement and other clients and granted direct access to more than 400 authorized partners (e.g., federal, state, and local law enforcement, regulators, national security agencies) to assist with investigations and prosecutions. Notably in FY 2024:
 - 87.3 percent of cases recommended for prosecution by the Internal Revenue Service – Criminal Investigation, had subjects with related BSA filings.
 - 32 percent of investigations under the Federal Bureau of Investigations' Complex Financial Crime Program and 40 percent of its Organized Crime Drug Enforcement Program investigations were connected to SAR/CTR filings.
- **Financial Trend Analysis Reports.** FinCEN published four Financial Trend Analysis Reports highlighting priority illicit finance risks related to:
 - Identity-related suspicious activity
 - Use of virtual currency for online exploitative crime
 - Elder financial exploitation
 - Mail theft check fraud

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