Modernizing CTRs, SARs, and the AML/CFT Framework

Center Forward Basics

November 2026

Overview

Every year, criminals finance their crimes through a multitude of methods, both simple and complex, with the intent to disguise the purposes of the money or the illegal source of the funds. The Financial Crimes Enforcement Network (FinCEN) is a bureau of the U.S. Department of the Treasury that supports federal, state, local, and international law enforcement agencies by analyzing financial information collected to help combat this criminal financing. FinCEN was created in 1990 to help execute necessary functions required by the Bank Secrecy Act (BSA).

The BSA initially imposed reporting and related requirements on financial institutions to detect and prevent money laundering. The BSA later expanded these requirements to help combat terrorist financing. The BSA helps protect the U.S. financial system from criminal activity and bolsters national defense by providing a bulwark against illicit financing, but the BSA was built decades ago for a cash-and-branch economy. Today, money also moves through instant payments, mobile apps, and blockchain-based tokens. As a result, the BSA's recordkeeping and reporting obligations have come under fire for a failing to reflect a system that now encompasses instant, digital, and blockchain-based payments. This Basic will explain the BSA's core reporting tools, Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs), and broader proposals to modernize the anti-money laundering and countering the financing of terrorism (AML/CFT) framework.

Center Forward Basics

Center Forward brings together members of Congress, not-for profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

For more information, please visit www.center-forward.org

Core Reporting Tools: CTRs and SARs

Two of the tools required under the BSA to help protect the financial system are CTRs and SARs. Both CTRs and SARs must be filed with the Financial Crimes Enforcement Network (FinCEN). Many law enforcement agencies utilize these reports to help apprehend criminals using the financial system to further their crimes.

Financial institutions file CTRs for deposits, withdrawals, or other transfers of currency involving more than $10,000. Even if a transaction is split into multiple transactions, if the financial institution knows a single individual transacts with it using currency totaling over $10,000 in one day, it must file a CTR. Put simply, a CTR is filed anytime an individual uses a financial institution to process more than $10,000 in physical cash transactions. A CTR requires a financial institution to record the individual's name, address, account number, and Social Security or taxpayer identification number for the transaction.

A SAR differs from a CTR because the filing trigger is suspicious activity. It also has a lower threshold but requires a certain degree of discretion on the part of the financial institution. Anytime a financial institution processes a transaction of $5,000 or more and knows or suspects that the transaction is being used for unlawful purposes, hiding the illicit origins of the money, or furthering a crime, the financial institution must file a SAR. Additionally, a financial institution must file a SAR if it suspects an individual of evading reporting obligations under the BSA, such as by withdrawing $9,999 in cash to avoid triggering a CTR filing.

Current State of CTRs and SARs

Currently, CTRs and SARs provide important information to law enforcement agencies. FinCEN provides the information it collects to multiple law enforcement agencies at all levels of government. However, since the CTR and SAR reporting thresholds have not been updated since enactment, problems have begun to arise with the reporting requirements. In fact, the number of CTRs has increased 62% from fiscal year 2002 to 2023, translating to a rise from 12.9 million reports in 2002 to 20.9 million reports in 2023. Additionally, many reports go unused by law enforcement agencies, and the Government Accountability Office (GAO) estimates that very few local law enforcement agencies even request access to BSA-required reports. Despite the usefulness of these reports, there have been calls to update the legal framework for both CTRs and SARs to make them more applicable to law enforcement by streamlining the number of reports being issued, which allows law enforcement to better target actual instances of criminal wrongdoing.

One criticism of the reporting requirements under the BSA is their potential to violate consumer privacy. In fact, customers are prohibited from being notified about any SAR reported by their financial institution, and these reports can contain private information that some may consider invasive. Additionally, since these reports are automatically triggered, opponents have criticized the fact that no warrant or other similar legal procedures are needed to obtain this information. However, courts have upheld the BSA and the reports it requires multiple times. Additionally, many point to the necessity of such information, arguing that the reports prevent money laundering and terrorist financing. In fact, a survey of six federal law enforcement agencies found that more than 72% of employees at those agencies used BSA reports, like CTRs and SARs, to help investigate crimes ranging from fraud to terrorism and drug trafficking from 2015 to 2018. The survey also highlighted how these investigators frequently used these reports to identify new targets for investigation or help expand current investigations.

However, there have also been calls to modernize how CTRs and SARs are collected. The increasing number of reports has created challenges for both law enforcement and financial institutions alike. Currently, many reports go unused by law enforcement agencies. In fact, law enforcement agencies only used around 5.4% of CTRs from 2014 to 2023, and in 2023, less than 3% of CTRs filed between 2014 and 2023 were accessed by these agencies. For SARs, in 2023, 4.6 million SARs were filed, of which about 0.5% were used in FBI investigations. The growing volume of reports has raised questions about how effectively law enforcement agencies use the information collected, as well as the compliance costs imposed on financial institutions, particularly smaller banks. While some stakeholders argue that low utilization rates suggest opportunities to streamline reporting requirements, others emphasize that these reports can still provide important investigative value, even when individual reports are not directly accessed. One survey found that the cost of complying with BSA reports amounts to 2% of operating expenses for the smallest banks, more than double the cost for the largest banks. Additionally, some law enforcement agencies have argued that large sums of CTRs for unrelated individuals have not provided any useful information. As a result, some experts have proposed increasing CTR and SAR reporting thresholds and indexing them to inflation. Proponents argue that these changes could reduce administrative burdens and allow law enforcement to focus on potentially more relevant transactions. Critics caution that higher thresholds could reduce access to information that may help identify financial crimes, particularly those involving smaller transactions.

Beyond Thresholds: AML/CFT Modernization

Thresholds are only one part of the modernization debate. Policymakers, regulators, and industry stakeholders are also examining how AML/CFT programs are designed and supervised, and how information flows between financial institutions and law enforcement.

Critics of the current system argue that it rewards the number of reports filed rather than the value of the information provided to law enforcement. Because of this focus, many institutions file defensively, adding to the volume that law enforcement must review. In 2026, FinCEN and the federal banking regulators proposed revisions to the AML/CFT program rule intended to focus financial institutions' programs on being effective and risk-based, directing resources toward the highest risks. Supporters say this would let institutions spend more time and resources on meaningful investigations reflective of Administration priorities and law enforcement focus.

Some filers have reported difficulty completing certain CTR fields. On top of that, agencies investigating financial crimes often do not use certain fields, including those difficult to file, making some of the information found in CTRs unhelpful to both filers and end users. As a result, proponents of reform have highlighted a need to adjust CTR forms themselves.

Regulators have also attempted to clarify through guidance when institutions must file SARs and have begun to consider changes to the SAR filing form. These proposals are intended to reduce low-value filings, thus eliminating the burden to both law enforcement and the filing institutions.

Financial institutions often file reports without learning whether the information was useful to law enforcement. Proponents of reform have called for more regular feedback from FinCEN and law enforcement, clearer rules for sharing information among reporting institutions, and more public analysis of emerging trends and typologies. Better feedback could help institutions focus their resources on the activity that law enforcement finds most valuable. Any expanded information sharing would need to protect customer privacy and SAR confidentiality.

Some law enforcement officials have expressed concerns that changes to reporting thresholds or required information could limit their ability to identify suspicious financial patterns, connect transactions across investigations, or uncover criminal activity. They argue that even reports not immediately used in an investigation may provide valuable information when examined alongside other financial records. They argue that raising the threshold, adjusting the forms, or other changes that reduce the information provided could adversely affect their investigations. These individuals oppose reducing the amount of information provided and argue it could create problems in investigating financial crimes.

Looking Ahead

The Bank Secrecy Act has provided law enforcement with important tools to investigate financial crimes, including money laundering and terrorist financing. Currency Transaction Reports and Suspicious Activity Reports remain central components of that framework. However, as financial institutions, financial transactions, and investigative methods evolve, and as amendments to the existing regime are considered, a likely core component of BSA reform will be building a consistent framework that produces useful intelligence across both traditional and digital finance. Considerations currently include examining whether existing reporting thresholds and requirements continue to serve their intended purposes effectively, whether to apply consistent risk-based obligations across traditional and digital asset service providers, and how to improve information sharing between financial institutions and law enforcement. As Congress considers potential reforms, a central question will be how to preserve the investigative and national security benefits of the AML/CFT framework while addressing concerns about financial privacy, the reporting system's effectiveness, and the framework's ability to keep pace with new payment technologies.

Links to Other Resources

- American Civil Liberties Union – Financial Privacy, Reporting Requirements Under the Bank Secrecy Act
- American Bankers Association – Bank Secrecy Act
- American Bankers Association – Bank Secrecy Act Reform
- Bank Policy Institute – Currency Transaction Reports vs. Suspicious Activity Reports
- Congressional Research Service – The Financial Crimes Enforcement Network (FinCEN)
- Federal Bureau of Investigation – Combating Money Laundering and Other Forms of Illicit Finance
- Federal Reserve Bank of St. Louis – What Is the Bank Secrecy Act, and Why Does It Exist?
- Financial Crimes Enforcement Network – FinCEN Awards Recognize Partnership Between Law Enforcement and Financial Institutions to Fight Financial Crime

- Internal Revenue Service – Bank Secrecy Act
- Internal Revenue Service – IRS-CI Data Shows BSA Filings are Used in Nearly All its Investigations
- Office of the Comptroller of the Currency – Bank Secrecy Act (BSA)
- Office of the Comptroller of the Currency – Bank Secrecy Act (BSA) & Related Regulations
- U.S. Government Accountability Office – Anti-Money Laundering: Opportunities Exist to Increase Law Enforcement Use of Bank Secrecy Act Reports, and Banks' Costs to Comply with the Act Varied
- U.S. Government Accountability Office – Bank Secrecy Act: Action Needed to Improve DOJ Statistics on Use of Reports on Suspicious Financial Transactions
- U.S. Government Accountability Office – Currency Transaction Reports: Improvements Could Reduce Filer Burden While Still Providing Useful Information to Law Enforcement