



Press Release

New Primer: Anti-Money Laundering Regulations

ANDREW EVANS | FEBRUARY 7, 2019

Recent money laundering scandals have drawn attention to regulatory shortcomings in the global financial system, and Congress has signaled that it will seek reforms to U.S. anti-money laundering regulations. In a new primer, AAF's Director of Financial Services Policy Thomas Wade explains the history and current structure of the United States' anti-money laundering laws. The current regime combines high costs with limited effectiveness, making it ripe for reform, he notes.

An excerpt:

The cost of anti-money laundering compliance is high. Anecdotally, banks have noted that anti-money laundering compliance drives higher annual costs than compliance with the entirety of Dodd-Frank combined. The requirements incentivize firms to submit as many [suspicious activity reports] as they can both to appear to be in compliance with anti-money laundering requirements and to do their best to avoid an actual money laundering incident. Despite (and perhaps in part because of) this effort BPI found that a median of only 4 percent of SARs are pursued by law enforcement. In 2016 the Heritage Foundation found that the total cost to the economy of anti-money laundering compliance was between \$4.8 and \$8 billion annually. Despite this, the system resulted in fewer than 700 convictions annually, meaning each conviction cost approximately \$7 million.

[Read the primer.](#)