

U.S. DEPARTMENT OF THE TREASURY

Remarks by Under Secretary for Terrorism and Financial Intelligence John K. Hurley at the Association of Certified Anti-Money Laundering Specialists Assembly Conference

September 17, 2025

Good morning. Thank you, Justine, for that very kind introduction, and thank you all for allowing me to speak with you today. As the biography that Justine just read indicated, I had the opportunity right after college to serve in the U.S. Army. What the bio does not include is that my father was a career Air Force officer who then went on to run a large state university. So for my siblings and me growing up, public service was the family business. And while I had a wonderful 30-year career building and running an investment business, I'm honored and very happy to again have the chance to serve.

It's only been about two months since my Senate confirmation, but I was able to spend time as a counselor beforehand to come up to speed, which has given me most of this year to prepare for the role. When Secretary Bessent offered me this position, I knew it would be complex—but that word actually does not adequately capture the broad range of very complicated national security, law enforcement, and regulatory issues for which we are responsible. Luckily, the Office of Terrorism and Financial Intelligence (TFI) has an impressive and dedicated career staff, and I am truly blessed with outstanding professionals throughout the organization.

Now, I know sometimes when you hear political appointees praise career staff, it can have a pro forma feel to it. But those of you here, however, who

have had a chance to work with Brad Smith and Andrea Gacki, who run the Office of Foreign Assets Control (OFAC) and the Financial Crimes Enforcement Network (FinCEN)—and with Scott Rembrandt from the Office of Terrorist Financing and Financial Crimes (TFFC) and James Martinelli from FinCEN, who are here with us today—understand when I say that the sentiment is anything but forma, and I'm really, really grateful to have them with me as we tackle these very complicated, important issues.

As I've come to speed in the new role, I've also had a chance through the Bank Secrecy Act Advisory Group (BSAAG) and other forums to meet many of you. There are many jobs you could have chosen in our financial system, but if you're here at this event, you chose to devote your careers to a vital mission, providing essential intelligence to our law enforcement national security partners that helps them to keep us safe from cartels, criminals, weapons, proliferators, terrorists, etcetera. Given that shared mission, of particular interest to all of you about my new role at TFI is our responsibility for modernizing the Bank Secrecy Act (BSA). So as you can imagine, I've spent much of the last eight months thinking about and getting lots of advice—both solicited and unsolicited—about fun subjects like Suspicious Activity Report/Currency Transaction Report (SAR/CTR) thresholds, the examination process, beneficial ownership, and many more topics that were not exactly top of mind for me before this. Having spent most of my adult life building a financial services firm, pretty quickly I was able to understand and empathize with the many, many problems with the current system. I've also felt the sincerity of your commitment to the vital role you play and the maddening frustration you feel when that system undermines that mission by forcing you to waste time and resources.

The purpose of the BSA is to combat money laundering and tariff financing by requiring financial institutions to provide highly useful information to the government. SARs and CTRs are the primary vehicles of that information. As everyone in this field knows, there are useful SARs and not so useful. Regulatory pressure has led to more and more of the not so useful SARs. Complexity is also a major problem. The fact that instructions on completing a SAR that's 170 pages long illustrates the challenge. This is not just waste your effort and resources, it also increases the likelihood of errors making the underlying data less reliable. We also need to encourage the development of much better mechanisms for communication between you and our law enforcement and national security partners, and we need to let you know what is valuable and what is a waste of time, and cut the time between you seeing it and them knowing it.

Our concept for reforming the system is simple. First, law enforcement and the national security establishment are the customers of our anti-money laundering/countering the financing of terrorism (AML/CFT) system, and our North Star will be to remain laser focused on that customer. Second, AML/CFT programs should deliver better outcomes by providing those customers with the most useful information, not by overwhelming the system with noise. And finally, compliance takes real resources. That's why prioritization matters. Limited resources should be allocated to the most pressing threats.

Let me assure you that we in the leadership team at Treasury under President Trump are deeply committed to getting this right, and believe we have a once-in-a-generation opportunity to do so. Importantly, we believe that we must not only establish sensible and clearly articulated rules, but also, we must reform the examination system to ensure that those

evaluating you are doing so in a manner that is consistent with those policies. To do that, we intend to replace subjective assessments of process with objective measures of output. The best measures of the effectiveness of program are not how it looks, but first and foremost, how well it captures and proactively reports what law enforcement needs, and secondly, how rarely it fails to identify activity it should be capturing, especially when that activity utilizes known typologies. Our belief is that if we measure you by how well you objectively deliver what our customers need, rather than by how closely you conform to an examiner's subjective opinions, it will allow you to apply your experience and creative talent to invent new and better solutions.

In particular, as someone who has spent much of my career investing in technological innovation, I believe fully that well-governed technology is a force multiplier. When, for example, a financial institution invests the time and money to experiment with AI and successfully drops its false positive ratio and escalates vital information to law enforcement more rapidly, their team should be celebrated, not written up. Because this new approach reveals gaps in their previous manual method, we must give examiners clear guidance on the objective measures we care about and eliminate their incentives to protect themselves with paper on the score.

You've already seen a quick win: the recent FinCEN exemptive order to the customer identification program rule. Banks can now collect a taxpayer identification number from a third-party source rather than directly from a customer. This change recognizes how technology has transformed identity verification since the rule was released in 2003. We intend to find more of these quick wins where pragmatism prevails over theory. At the same time,

we'll support broader innovation including AI, blockchain analysis, digital identity, and APIs as part of a smarter AML framework.

Before turning to some ways you can help in this effort, I'll mention some steps we're taking right now to address some other specific areas of concern. First, continuing activity reviews. Nearly 25 years ago, FinCEN issued guidance intended to reduce burden, but what began as relief has become a major administrative weight. Financial institutions are devoting more and more of their limited resources to manually reviewing a customer account with a prior SAR filing. That has become a significant administrative burden consuming resources without improving outcomes. We've heard you: This is not a good use of resources. It is time consuming, onerous, and does not lead to valuable reporting. We are actively working to address this and hope to have news for you on it soon.

We've also heard repeatedly that financial institutions are expected to maintain an increasingly onerous level of documentation supporting the decision not to file a SAR. There is no requirement to document the decision not to file a SAR, but guidance suggests that banks should document SAR decisions including the specific reason for filing or not filing examination should focus on the effectiveness of a financial institution's program—and how well it captures and reports suspicious activity—rather than on whether one particular SAR was filed. Every hour spent documenting a non-SAR is an hour not spent protecting Americans, and that trade-off is unacceptable.

Similarly, banks spending significant amounts of time and money flooding the system with structuring data on businesses they know are legitimate is a foolish waste of time. Even worse, when it leads the institution to make a business decision to debank these customers, it is both unfair and economically destructive.

As I noted earlier, I've come to understand how committed this audience is to our shared mission and how frustrated you are with some of the defects in the current system. So how can you help us in our efforts to get us all to a much better place for us to successfully execute on an outcomes-based system? We need your insight on performance indicators specifically. Let us know your thoughts on what are the best measures—objective measures—and how well do we capture and refine them. What have you tried and seen that has worked? What can we do to reassure you that better collaboration will not expose you to criticism and litigation? And very importantly, if we give institutions more room to innovate, how do we incentivize your CEOs not to just pocket the savings but instead to reinvest them in better information and outcomes for our partners? Are there, for example, positive incentives along with the negative ones that enable a modernized system to rely on calculated financial and business interests, rather than solely on the altruism and duty of the professionals focused on the effort?

Having invested in public companies for 30 years, I understand the pressures. How do we modernize the system so that doing the right things that help protect our nation and our communities is also financially the smart thing for your shareholders? You all understand that corrupt money corrupts your institution. How do we make sure your bosses internalize that?

In conclusion, let me thank all of you again so much for the work that you do to counter illicit finance and hold bad actors accountable. We cannot do this without you. Together, I hope we can turn frustration into reform, and your experience and creativity into better outcomes that protect the integrity of our financial system and help our partners as they keep our nation and communities safe. Thank you all very much.

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