Independent Bankers Association of Texas

June 9, 2026

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Jennifer M. Jones, Deputy Executive Secretary
Attention: Comments/Legal OES (RIN 3064-AF34)
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Via Federal eRulemaking Portal—Regulations.gov; Email: comments@fdic.gov;

Re: Anti-Money Laundering and Countering the Financing of Terrorism Program Requirements (RIN 1557-AF14 / 3064-AF34 / 3133-AG08)

Ladies and Gentlemen,

The Independent Bankers Association of Texas ("IBAT") appreciates the opportunity to comment on the joint notice of proposed rulemaking issued by the Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and National Credit Union Administration (collectively, the "Agencies") regarding amendments to Anti-Money Laundering and Countering the Financing of Terrorism Program Requirements ("AML/CFT") program requirements.

We represent community banks across Texas that play a critical role in local economies, particularly in rural and underserved markets. These banks generally maintain lower-risk business models, relationship-based banking approaches, and limited compliance resources, which must be carefully considered in any modernization of the current AML/CFT framework.

We support the Agencies' and FinCEN's efforts to modernize the AML/CFT framework pursuant to the Anti-Money Laundering Act of 2020 and to shift toward more effective, risk-based outcomes rather than process-driven compliance.

While we support the overall direction of reform, we respectfully raise the following concerns for community banks:

Support for Risk-Based, Outcome-Focused Framework

We strongly support the Agencies' stated goal of moving away from a "check-the-box" compliance regime toward a framework that emphasizes effectiveness and risk mitigation.

The proposal appropriately encourages banks to allocate resources toward higher-risk customers and activities and recognizes that banks are best positioned to identify and assess their own risk profiles. This approach aligns with how community banks already operate, given their reliance on:

- Local knowledge of customers
- Relationship-based underwriting and monitoring
- Limited exposure to complex or high-risk international activities

Concerns over "Effective AML/CFT Program" Standard

The proposal introduces a framework under which a program must be both "Established" in accordance with regulatory requirements, and "Maintained" in all material respects. While we appreciate this distinction, the lack of objective metrics for determining "effectiveness" creates risk of:

- Subjective examiner interpretations
- Inconsistent supervisory outcomes
- Heightened compliance uncertainty for smaller banks

For many community banks, particularly those operating in rural and underserved markets, compliance staff often perform multiple roles, and AML monitoring relies heavily on vendor systems and manual review. Absent clear proportionality and safe harbors, the proposal risks shifting limited resources away from higher-risk activity toward expanded documentation and defensive compliance practices.

Effectiveness should be evaluated based on a bank's ability to identify, escalate, and report suspicious activity relevant to its risk profile, rather than the volume of documentation produced or alignment with risks not present at the institution.

Recommendation: Agencies should provide clear, objective guidance or safe harbors for community banks demonstrating:

- Low-risk profiles
- Strong internal controls
- No history of significant BSA violations

Concerns over Increased Compliance Burden Despite Stated Intent

The proposal is intended to reduce unnecessary burden and focus on outcomes. However, several elements may actually increase operational complexity for community banks, including:

- Formalized risk assessment requirements tied to national AML/CFT priorities
- Expanded documentation expectations
- Integration of FinCEN priorities into ongoing program governance

For smaller community banks with lean compliance teams, these changes may require:

- Additional staffing or vendor reliance
- System upgrades or program redesign
- Increased documentation to support examiner expectations

Recommendation: To address concerns in unintended increased compliance burden, any final rule should:

- Explicitly acknowledge scalability expectations
- Provide tiered compliance expectations based on asset size and risk profile of banks

Concerns about Incorporation of National AML/CFT Priorities

The requirement to incorporate FinCEN's AML/CFT priorities into risk assessments is a significant structural change. For community banks, this raises practical challenges:

- Translating broad national priorities into local risk frameworks
- Demonstrating alignment in examination contexts
- Avoiding unnecessary focus on risks not relevant to the bank's footprint

Recommendation: To address concerns about incorporation of national AML/CFT Priorities, any final rule should:

- Clarify that banks may tailor or de-emphasize priorities that are not relevant.
- Confirm that documented rationale for exclusion is sufficient.
- Provide illustrative examples demonstrating how a low-risk community bank could reasonably demonstrate AML/CFT program effectiveness under the framework.

Concerns about Supervisory and Enforcement Framework

The proposal would:

- Limit enforcement actions to "significant or systemic failures"
- Introduce a consultation framework with FinCEN before certain actions

While this is a positive step, community banks are concerned that the threshold for "significant failure" remains undefined and that multiple regulatory touchpoints may actually <u>increase</u> complexity for Texas community banks.

Recommendation: To address concerns about the supervisory and enforcement framework, any final rule should:

- Provide clear examples of what constitutes "significant or systemic" failure

- Ensure that routine examination findings do not escalate unnecessarily

Community banks are particularly sensitive to inconsistent supervisory interpretations across examination teams and agencies, which can undermine confidence in a risk-based framework and increase compliance uncertainty.

Key Community Bank Considerations

Community banks differ from larger banks in several critical ways:

- Limited exposure to cross-border or complex financial activity
- Lower transaction volumes and simpler customer bases
- Reliance on manual processes and vendor solutions

The Agencies should ensure that any final rule:

- Does not impose large-bank expectations on small community banks
- Recognizes that effectiveness may look different across bank sizes
- Avoids inadvertently encouraging "de-risking" of customers

We appreciate the Agencies' efforts to modernize AML/CFT program requirements and support the shift toward a more risk-based, outcome-driven framework. However, to ensure successful implementation and avoid disproportionate impact on community banks, we respectfully urge the Agencies to:

- Clarify expectations around program effectiveness
- Reinforce scalability and proportionality
- Provide practical implementation guidance tailored to smaller banks

Absent clear scalability, proportionality, and tailoring, the proposal may unintentionally incentivize customer or product de-risking, particularly in underserved or cash-intensive communities, undermining longstanding financial inclusion objectives.

We welcome continued dialogue and stand ready to assist in developing an AML/CFT framework that advances national security objectives while simultaneously preserving the viability of community banking.

Respectfully,

/s/

Christopher L. Williston, VI
President & CEO
Independent Bankers Association of Texas