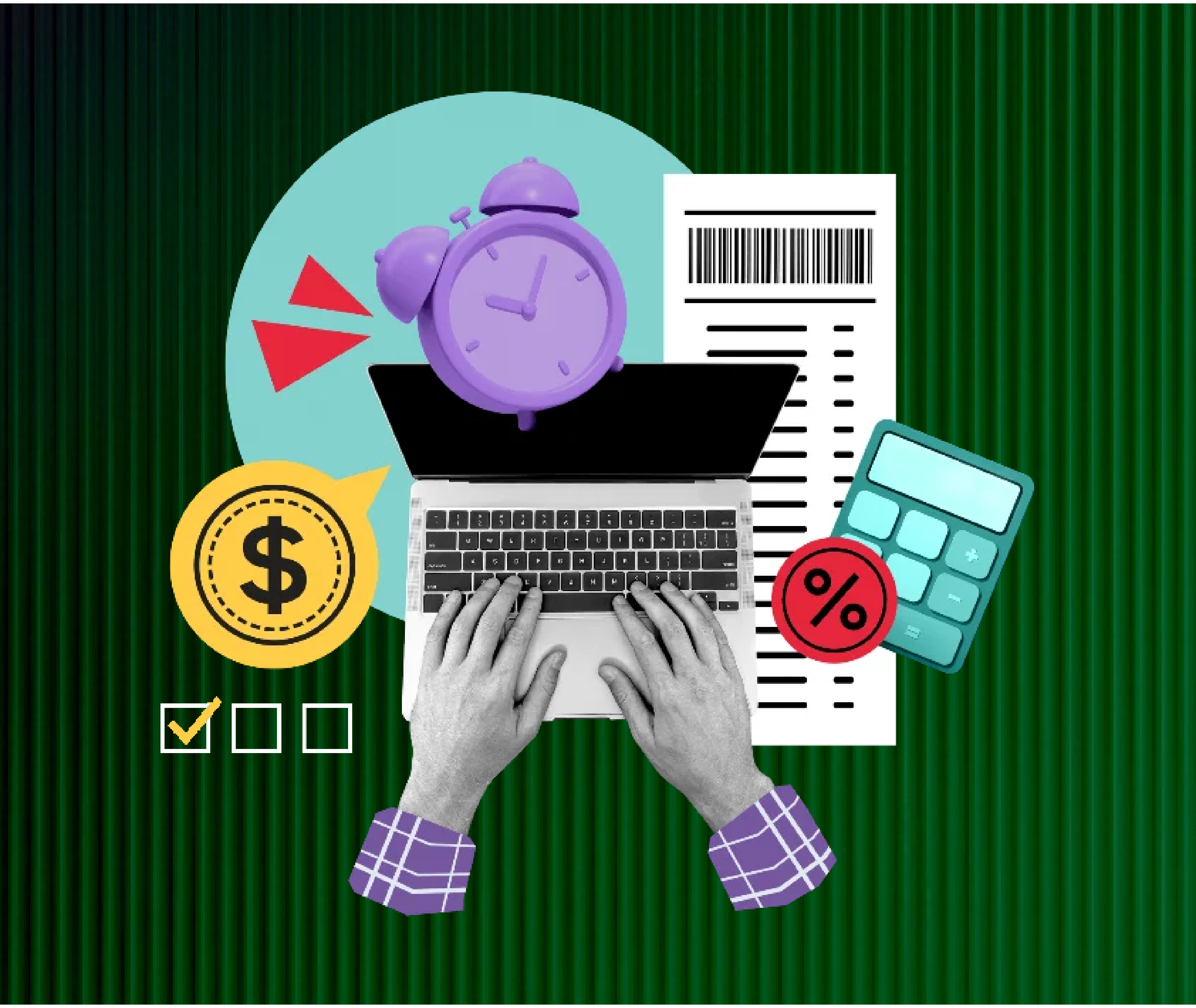
# The FinCrime Brief

A wider safe harbor. A fraud bill with receipts. And two hard deadlines now just days away. Here's June, decoded – and the next 90 days you need to plan for.

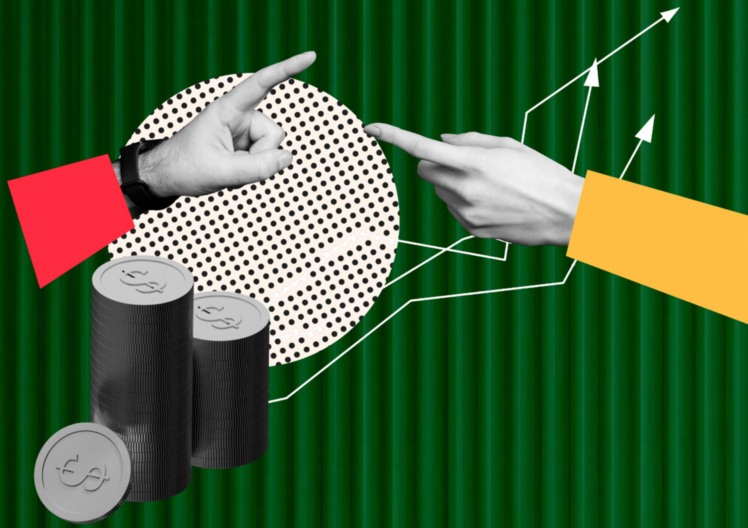


**THE MONTH THE REGULATORS SHOWED THEIR HAND**

ISSUE 1 | JUNE 2026

SG Analytics
A Straive Company

# INDEX



01

# Regulatory Tracker

## Everyone had something to say this month

United States

## FinCEN · OFAC · NYDFS

### FinCEN · June 2026

The information-sharing safe harbor just got wider.

FinCEN clarified that institutions may share information under Section 314(b) to detect a broader set of activity, including the fraud that so often underlies money laundering, without losing the statutory liability shield.

- ***So what? This is regulatory cover for the FRAML model. If your fraud and AML teams still sit apart, with separate data, the safe harbor you were waiting for just arrived. Revisit what you participate in and what you are willing to share.***

### FinCEN · advisory Aug 28, 2025

The advisory on Chinese money-laundering networks still sets the agenda.

New red-flag guidance on Chinese underground banking and professional networks moving illicit proceeds, including fentanyl and scam money, through mirror transfers and trade rather than through the formal payment rails.

- ***So what? Refresh your typologies for value that moves without a wire ever leaving your bank: offsetting trades, nominee accounts, and rapid pass-throughs. The classic wire red flags will miss it.***

### OFAC · designated Oct 22, 2025, still live

Rosneft and Lukoil keep reshaping correspondent risk.

The first major Russia-related sanctions action designated the two oil majors and dozens of their subsidiaries. Eight months on, the downstream screening and shadow-fleet exposure continue to be unwound across trade finance and maritime portfolios.

- ***So what? Re-test screening for indirect exposure. The risk hides in subsidiaries and ship-to-ship transfers, not in the parent name on your list.***

### NYDFS · consent order, 10 Apr 2025

New York fined Cash App's operator $40mn over AML failures.

NYDFS penalized Block, Inc. after its suspicious activity alert backlog grew from roughly 18,000 to more than 169,000 cases, along with weak sanctions screening and customer due diligence; an independent monitor was imposed.

- ***So what? State regulators bite too. If you operate in New York, the annual Part 504 transaction-monitoring certification (due April 15) is a personal attestation, and the backlog figure above is what 'inadequate' looks like on the record.***

Global Standard-Setter

## FATF

### June 2026 plenary

Fraud and stablecoins take center stage; the gray list churns again.

The plenary refreshed the list of jurisdictions under increased monitoring and pushed further toward fraud and the effectiveness of national systems – a real shift for a body long focused on technical compliance – with stablecoins drawing specific scrutiny.

- ***So what? Re-screen exposure to any newly listed jurisdiction and document the enhanced diligence. Gray-listing changes correspondent appetite faster than most country-risk models refresh.***

### Recommendation 16 · agreed at the June 2025 plenary

**The revised Travel Rule clock is running.**

**FATF's overhauled R.16 extends originator and beneficiary data requirements and tightens cross-border payment transparency for both traditional and virtual-asset transfers, with compliance expected by the end of 2030.**

**So what? 2030 feels distant; the build is not. Map your originator-data quality gaps this year.**

### FATF plenary · Oct 24, 2025

South Africa and Nigeria came off the gray list.

The October plenary removed both – alongside Mozambique and Burkina Faso – after on-site visits confirmed that the reforms had stuck. South Africa had carried the designation since February 2023.

- ***So what? Two of Africa's largest economies just shed their risk premium. Revisit the enhanced diligence and correspondent friction you apply to South African and Nigerian flows; some of it is now stale.***

European Union

## AMLA & AMLR

### AMLA · operational since Jul 1, 2025

Europe's new AML authority is building its supervisory machine.

AMLA launched three technical-standard consultations in February and must choose the institutions it will directly supervise by July 1, 2027, taking up to 40 high-risk groups under direct oversight from January 2028.

- **So what? Run a pan-EU group? You could be on the shortlist. Start harmonizing your customer-risk methodology across member states now; fragmented national approaches won't survive a single European supervisor.**

### AMLR · applies Jul 10, 2027

The single rulebook has a hard date.

The AML Regulation brings an EU-wide €10,000 cash limit, direct obligations for every crypto-asset service provider, and a genuinely harmonized rulebook in place of the old national patchwork.

- **So what? Two years out is one budget cycle plus implementation. Treat the rest of 2026 as the gap-analysis window; beneficial ownership and CASP scope first.**

United Kingdom

# FCA & PSR

### UK Finance · June 22, 2026

The fraud bill, with receipts.

Total payment-fraud losses hit £1.28bn, up 4%, with authorized push payment scams jumping 19% to £576.4mn – even after a full cycle of mandatory reimbursement. Reimbursement did its job at the till – banks returned about £354.3mn, roughly 61% of APP losses – but it plainly did not deter the crime.

- ***So what? Reimbursement shifted cost, not crime. With a 50/50 sending-and-receiving split, the receiving bank now owns mule activity it never used to. "Not my customer, not my problem" just became expensive.***

### FCA · across 2025, ~£124mn in fines

Enforcement holds at record intensity.

Penalties against Nationwide (£44.1mn), Barclays (£39.3mn), and Monzo (£21.1mn) show the regulator hitting incumbents and challengers alike – for control failings, not just conduct.

- ***So what? The Monzo fine is the tell. High growth is no longer a mitigating circumstance; controls must scale with customers.***

Asia-Pacific

# MAS · AUSTRAC · Japan FSA

### AUSTRAC · obligations commence Jul 1, 2026

Tranche 2 switches on for 80,000 new businesses.

Lawyers, accountants, real-estate agents, and dealers in precious metals enter the AML/CTF regime, with most filing their first risk assessments and suspicious-matter reports with no muscle memory.

- ***So what? Banks serving these sectors should expect a wave of customers who suddenly need to understand AML – and noisy reporting from the new entrants at first.***

### MAS · penalties Jul 4, 2025, S$27.45mn

Follow-through on the S$3bn laundering case. Singapore's largest money-laundering case continues to

drive supervisory action – nine institutions were penalized, with accountability reaching individual relationship managers.

- ***So what? Source-of-wealth corroboration for wealthy and foreign clients is the lesson MAS keeps repeating. Self-attestation is not corroboration.***

### Japan FSA · effective Mar 31, 2026

Japan tightened its AML guidelines ahead of its FATF review.

Revised guidelines sharpen expectations on transaction monitoring, outsourcing oversight, and technology adoption, with suspicious-transaction reporting broken down by customer and country attributes.

- ***So what? If you provide clearing or correspondent banking services into Japan, expect counterparties to demand more robust monitoring – and to pass those expectations down the chain before the next FATF round.***

Switzerland · United Arab Emirates

# FINMA · CBUAE

### CBUAE · June 24, 2026

A foreign-bank branch in the UAE was fined Dh20mn, and so was its compliance chief.

The central bank penalized the branch for repeated AML and sanctions-framework failures and fined its head of compliance personally AED300,000 – part of the enforcement push that has followed the UAE's 2024 FATF gray-list exit.

- ***So what? Individual accountability has reached the Gulf. Senior-manager sign-off on AML controls is no longer a formality in the region.***

### FINMA · consultation opened Oct 2025

Switzerland moves stablecoin issuers under prudential supervision.

A Federal Council consultation proposes FINMA-supervised 'payment institution' and 'crypto institution' licences permitting regulated stablecoin issuance, while a separate reform creates Switzerland's first federal beneficial-ownership register.

- ***So what? The "Swiss crypto is lightly regulated" assumption is expiring. If you bank Swiss VASPs or stablecoin issuers, their supervisory status is about to change.***

Brazil · Mexico

## Banco Central do Brasil · FinCEN-Mexico

### Banco Central do Brasil · Nov 10, 2025

Brazil brought crypto firms under bank-grade AML rules.

Resolutions 519, 520, and 521 create a licensing regime for virtual-asset brokers, custodians, and intermediaries – including foreign firms serving Brazilian clients – with full AML/CFT obligations and asset segregation. They take effect February 2, 2026.

- ***So what? Latin America's largest crypto market just closed a major gap. Firms serving Brazilian users need a licensing answer, not a wait-and-see approach.***

### FinCEN · orders effective Oct 20, 2025

The US cut three Mexican institutions off over fentanyl-linked laundering.

Using new Fentanyl Sanctions Act authority, FinCEN named CIBanco, Intercam, and Vector as "of primary money-laundering concern," effectively severing them from the US financial system; the CIBanco order was later amended to allow liquidation.

- ***So what? Extraterritorial US AML pressure is escalating. Re-screen Mexican correspondent and counterparty exposure against these names and the wider cartel-finance typologies.***

India · Canada · Middle East

## RBI · FIU-IND & FINTRAC · DFSA

### RBI · deadline Jun 30, 2026

India's periodic-KYC relief window closes.

The RBI's extended timeline for periodic KYC of low-risk customers ends this month, shutting a long grace period for re-KYC.

- ***So what? A hard operational squeeze right now for Indian banks, and a live argument for perpetual KYC over the periodic scramble that creates these cliffs.***

### RBI · draft released Jun 24, 2026

India just mandated a kill switch on every AI model in banking.

The RBI's draft 'Guidance on Regulatory Principles for Model Risk Management, 2026' (June 24) requires banks and NBFCs to maintain a real-time inventory of every model – active or retired – with named owners and approvers at each stage. High-stakes models (lending, fraud, reporting) require mandatory human review before any decision is final; customer-facing AI must offer an immediate opt-out to a human agent. The headline mandate is a technically enforced kill switch: instant deactivation of any misbehaving model, with operations reverting to human teams. Third-party vendor models carry no exemption. Consultation closes July 24, 2026.

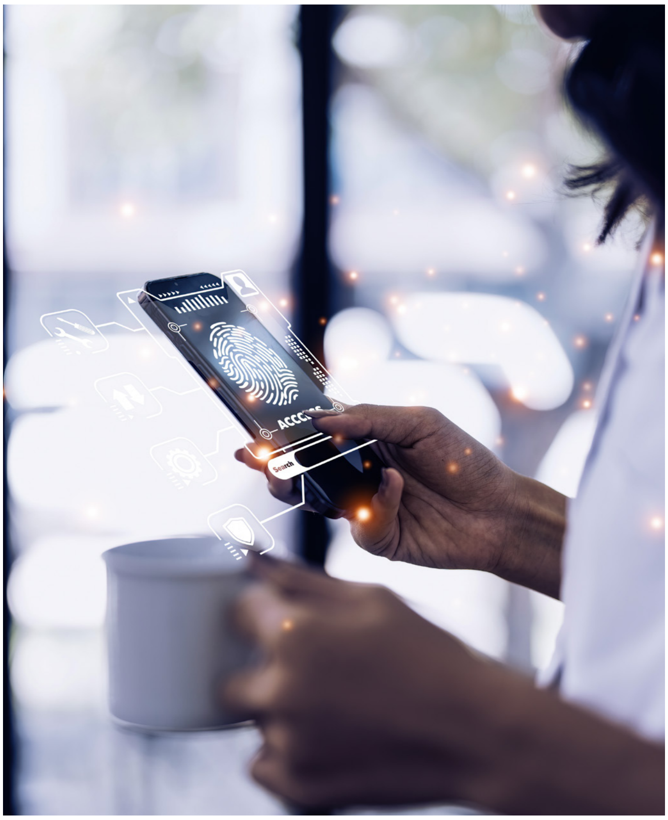
- ***So what? Most Indian banks do not have a tested kill switch or a model inventory to hang one on. The 30-day window means final rules land faster than most compliance calendars expect.***

### FINTRAC · Oct 2025, C$176.96mn

A record crypto penalty resets the bar in Canada.

The largest administrative monetary penalty in FINTRAC's history landed on a crypto money-services business; Canada has since tabled legislation for a dedicated Financial Crimes Agency.

- ***So what? The size of the number is the message. Crypto MSBs operating into Canada should treat registration and reporting as enforced, not aspirational.***



Spotlight - Rotating Each Issue

# The Emerging-Market Reshuffle.

Two opposite currents ran through the past year – worth holding side by side.

## Coming off the list

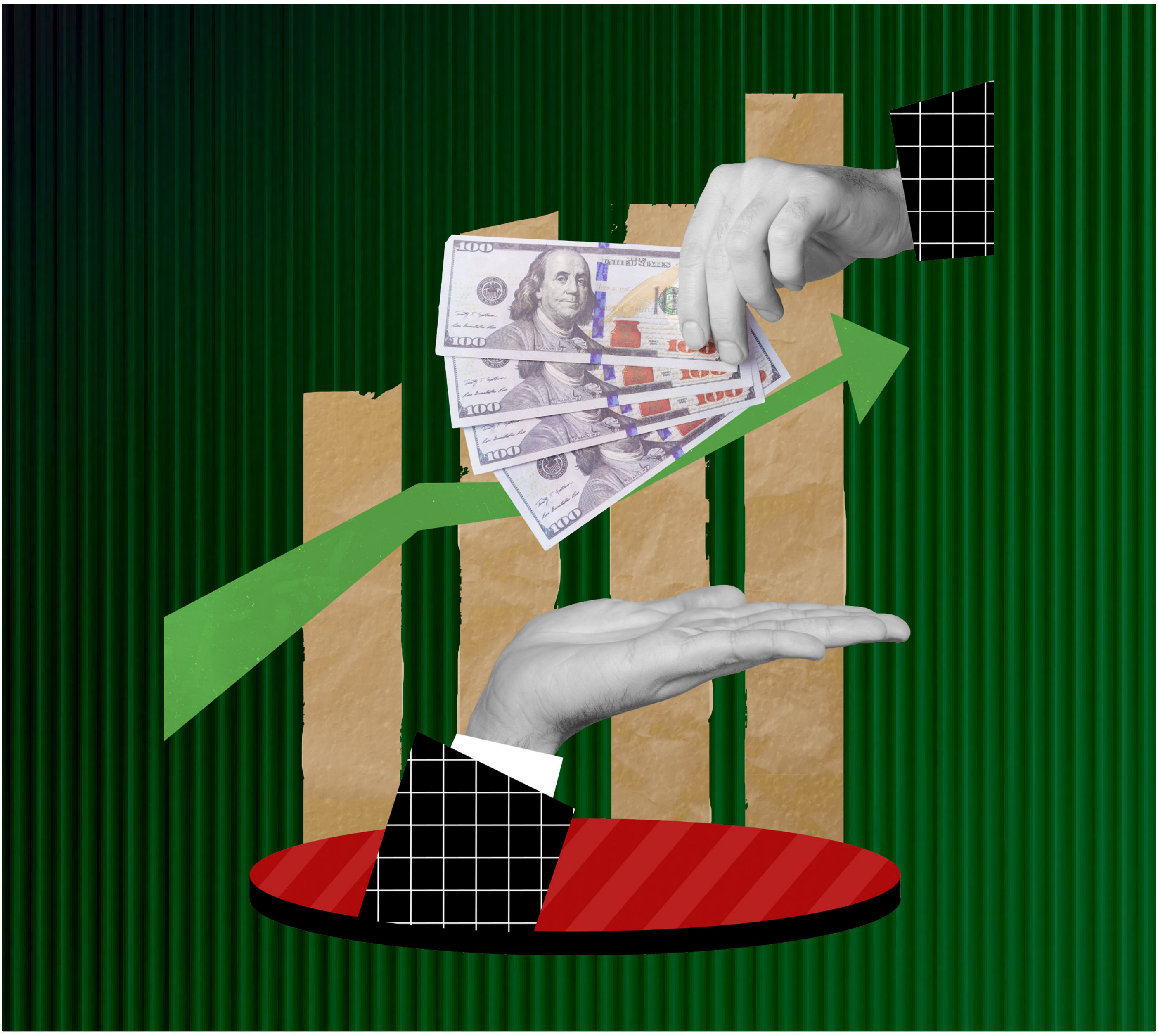
*Africa shed risk – four economies left the gray list at once.*

In October 2025, the FATF removed South Africa, Nigeria, Mozambique, and Burkina Faso after on-site visits confirmed durable reform. South Africa had carried the designation since February 2023. For correspondent banks, that is a quiet but real easing of friction across a whole region's flows – and a prompt to refresh country-risk settings that may still price in a premium that no longer applies.

## Pressure rising

*Mexico went the other way.*

While Africa de-risked, the US tightened the screws on Mexico – FinCEN's unprecedented orders against three institutions, a sweeping overhaul of the federal AML law, and a FATF review on the horizon. The lesson for a global bank is simple. Country risk is not a slow dial. It moves in both directions, quickly, and your models should move with it.



02

# Enforcement

What the fines are really telling you

| £1.28bn | C$176.9mn | $80mn |
|---|---|---|
| total UK payment fraud, **+4%** year on year | FINTRAC's record crypto penalty, **Cryptomus** | record US **broker-dealer** BSA penalty |

**FINTRAC – Cryptomus**
Canada · crypto MSB
C$176.9mn

**FinCEN – Broker-Dealer**
United States · BSA
$80mn

**FCA – Nationwide**
United Kingdom
£44.1mn

**FCA – Barclays**
United Kingdom
£39.3mn

**MAS – Nine Institutions**
Singapore · S$3bn case
S$27.4mn

**FCA – Monzo**
United Kingdom · challenger
£21.1mn

The read: Two patterns dominate the year. Crypto and cross-border money services now produce the headline numbers: The largest actions in Canada and the US both involve digital asset or non-bank money movement. Challenger banks are also being held to incumbent standards: The Monzo, Starling, and Revolut actions of 2025 closed the gap between 'fintech' and 'bank' in the regulator's eyes. Growth-as-mitigation is over. Figures are approximate and based on public announcements.

03

# Crypto-AML Watch

## Two weeks to the cliff edge

### MiCA · The July 1 Deadline

**A major exchange withdrew its licence application just days before the window closed.**

In a striking late-June development, one of the world's largest exchanges withdrew its MiCA application on June 24, just days before the transition period for legacy virtual asset firms ends on July 1. Industry estimates suggest that only a minority of legacy providers completed the conversion to becoming a fully authorized CASP.

Stablecoin rules have already reshaped the European market, pushing non-compliant tokens off the shelf for EEA users throughout 2025.

- ***So what? Re-paper crypto-firm relationships against authorization status. An unauthorized CASP serving EU users after July 1 presents an entirely different risk.***

### Travel Rule

**The sunrise problem hasn't set.**

The EU's Transfer of Funds Regulation has applied since December 2024, with no de-minimis threshold: Every crypto transfer requires originator and beneficiary data. Globally, most jurisdictions still aren't fully compliant, leaving exchanges with mismatched thresholds, protocols, and privacy rules across borders.

- ***So what? The pain isn't the rule; it's the inconsistency. Data you must collect in Frankfurt may simply not exist on the other side of the transfer. Build for the lowest common denominator and document the gaps.***


04

# Agentic AI & Tech

## The quiet revolution beneath the deadlines

### Announced · May 2026

**Agentic AI is crossing from demo toward deployment.**

A major payments-and-AI partnership unveiled an autonomous financial-crimes agent in early May, naming a Tier-1 and a mid-size bank among its first adopters ahead of broader availability later this year. These are not copilots that draft a sentence. They triage alerts, assemble case files, and propose a disposition for human sign-off.

▶ *So what? The bottleneck shifts from "Can we find the risk?" to "Can we govern the machine that finds it?"*

### Governance Gap · April 2026

**The model rulebook got pulled out from under the models.**

On April 17, US supervisors rescinded the foundational model-risk guidance, the long-standing SR 11-7, and the new framework leaves generative and agentic AI out of scope. A governance gap opens at exactly the moment autonomous models enter production. The Wolfsberg Group's updated risk-based approach guidance (June 23) is part of the industry filling the vacuum.

▶ *So what? 'Rescinded' is not the same as 'deregulated'. Examiners still expect validation, monitoring, and explainability. Write down your AI governance and human-in-the-loop checkpoints now.*

05

# The Next 90 Days

The dates that won't wait.

## Imminent – Through July

### Jun 30

**India.** RBI periodic KYC relief ends – the last date for re-KYC of low-risk customers.

### Jul 1

**European Union.** MiCA transitional period closes; unauthorized legacy VASPs lose grandfathered status.

### Jul 1

**Australia.** AUSTRAC Tranche 2 obligations commence for ~80,000 new businesses.

### Jul

**FATF.** New presidency begins; watch for the next work-program emphasis on fraud and effectiveness.

## On the Horizon – H2 2026

### Aug–Sep

**EU AMLA.** Technical-standard consultations close; the methodology that decides who is directly supervised takes shape.

### H2 2026

**United States.** Agentic AML agents reach general availability – expect the first "we deployed it" stories.

## Don't Lose Sight – 2027

### Jul 1, 2027

**EU. AMLA** selects directly supervised entities. The next 12 months are the gap-analysis window.

### Jul 10, 2027

**EU. AMLR** single rulebook applies. Beneficial ownership and CASP scope are the long poles.

# 06

# Act On This

## Six moves worth making now

Coming out of this month's developments, most with a deadline already on the calendar.

**01**

Revisit your **314(b) participation** in light of the wider safe harbor – what fraud signals can you now share with peers?

**02**

Refresh typologies against the new **Chinese money-laundering advisory** – offsetting trades and pass-through, not just wires.

**03**

Pull last quarter's **inbound** alerts: Would a 50/50 APP split change how hard you look at receiving-side mule risk?

**04**

Map every crypto-firm client against **MiCA authorization status** ahead of July 1; flag any unauthorized CASP still serving EU users.

**05**

Document your **AI model governance:** validation, human-in-the-loop, and explainability. The guidance is gone; the expectation remains.

**06**

Indian bank? Clear the **re-KYC backlog** against the June 30 deadline and build the perpetual-KYC case while the pain is fresh.

07

# From the SGA Desk

## More, faster, and 'prove it works'.

Read together, this issue tells one story: more obligations, sooner, with examiners asking not whether you have controls but whether they work – and agentic AI arriving just as SR 11-7, the rulebook that governed it, was pulled. More scope, less certainty, and the same lean team.

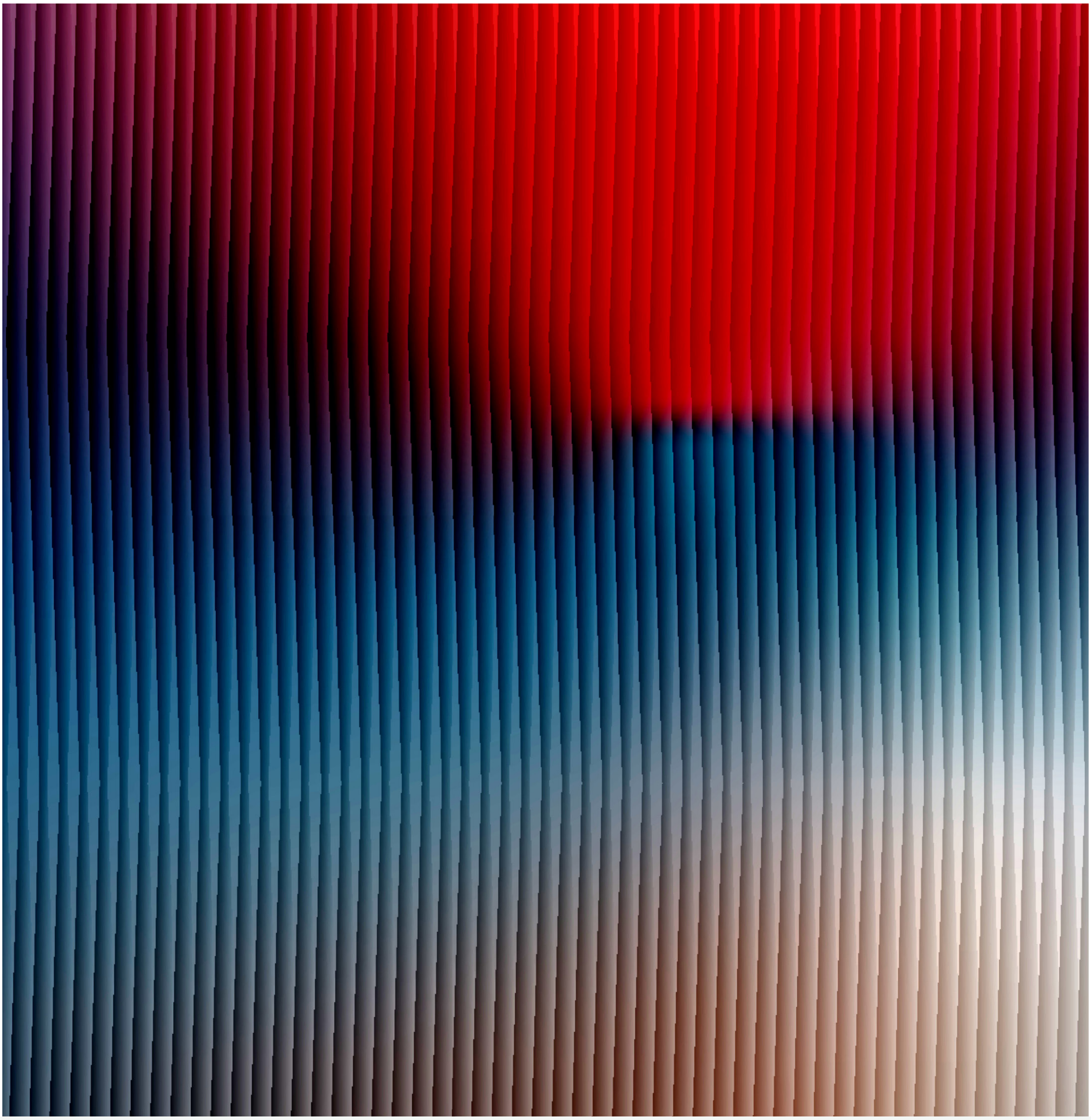
This is the gap SG Analytics was built to close. We don't hand you a deck of recommendations; we operationalize the work – certified practitioners who have run AML, KYC, sanctions, and assurance programs, paired with AI that executes inside the workflow under human-in-the-loop governance. Every threat here maps to an answer we already run: the wider 314(b) safe harbor to a converged FRAML model, 'prove it works' to quantified assessment and independent testing, and the AI governance vacuum to model validation aligned to SR 11-7 and the EU AI Act. One partner, vendor-neutral, alongside the stack you run.

| | |
|---|---|
| **500+** certified FCC experts | **40–60%** fewer false positives |
| **3–5×** faster investigations | **ISO 27001** / SOC 2 Type II |

## Primary & reference sources

| |
|---|
| FinCEN – Section 314(b) Guidance |
| FinCEN – Chinese Money-laundering Advisory |
| OFAC – Rosneft & Lukoil (Oct 22, 2025) |
| FATF – Jun 2026 Plenary Outcomes |
| FATF – Revised Recommendation 16 |
| EU AMLA – Establishment & Consultations |
| EU – Regulation 2024/1624 (AMLR) |
| UK Finance – Annual Fraud Report 2026 |
| PSR – APP Reimbursement Data |
| FCA – Enforcement Notices |
| AUSTRAC – Tranche 2 Reforms |
| MAS – Enforcement (Jul 2025) |
| FIC – South Africa Exits FATF Gray List (Oct 2025) |
| RBI – KYC Master Direction |
| FINTRAC – Monetary Penalties |
| Wolfsberg Group – RBA Guidance (Jun 2026) |
| NYDFS – Block/Cash App Consent Order (Apr 2025) |
| Japan FSA – Revised AML/CFT Guidelines (Mar 2026) |
| FINMA – Crypto/Payment-Institution Supervision |
| CBUAE – AML/CFT Enforcement Actions |
| Banco Central do Brasil – VASP Framework (Res. 519/520/521) |
| FinCEN – Orders on Three Mexican Institutions (Jun 2025) |
| SG Analytics – FCC Services |

**Reference Sources Link**



## Disclaimer

**SG Analytics (SGA), a Straive company**, is a leading global data and AI consulting firm delivering solutions across AI, Data, Technology, and Research. With deep expertise in BFSI, Capital Markets, TMT (Technology, Media & Telecom), and other emerging industries, SGA empowers clients with Ins(AI)ghts for Business Success through data-driven transformation.

A **Great Place to Work®** certified company, SGA has a team of over 1,400 professionals across the U.S.A, U.K, Poland, and India. Recognized by Gartner, Everest Group, ISG, and featured in the Deloitte Technology Fast 50 India 2024 and Financial Times & Statista APAC 2025 High Growth Companies, SGA delivers lasting impact at the intersection of data and innovation.



SG Analytics
A Straive Company

www.sganalytics.com

in

New York | London | Pune | Bengaluru | Hyderabad | Gurugram | Toronto | Wroclaw

GET IN TOUCH