TOCHUKWU ILOANI

Proposal and Comment Information

Title: Anti-Money Laundering and Countering the Financing of Terrorism Programs, R-1835

Comment ID: FR-0000-0133-02-C08

Submitter Information

Name: Tochukwu Iloani

Submitted Date: 07/12/2026

Tochukwu Iloani Geoffrey
Lagos, Nigeria

12-07-2026

Benjamin W. McDonough
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
Re: Docket No. R-1835; RIN 7100-AG78, Anti-Money Laundering and Countering the Financing of Terrorism Programs

Dear Secretary Benjamin W. McDonough:

Thank you for the opportunity to comment on the Board's proposed rule that amends the anti-money laundering and countering of financial terrorism (AML/CFT) program requirements for Board-supervised banks.
I write in my personal capacity as a banking technology professional with experience designing, building, and operating production systems within the commercial banking sector. My work includes customer data integrity automation, infrastructure reliability engineering, and the development of open-source risk-based AML compliance software aligned with the principles of the Bank Secrecy Act (BSA) and FinCEN guidance for institutions that cannot afford enterprise compliance platforms.
My perspective is that of a practitioner who builds the systems these programs run on, and who works daily at the operational layer where compliance obligations become software.
Recommendation 1:
I support the risk-based, outcomes-focused direction of the proposal.
The shift from process-driven compliance toward programs "reasonably designed to identify, assess, and mitigate" actual illicit-finance risk is the right one. In my operational experience, documentation-volume compliance and effective compliance are different things: a program can be paper-complete and operationally blind. Directing banks to allocate enhanced attention and resources to higher-risk customers and activities, and updating promptly when risk profiles change describes how well-engineered monitoring systems already behave. Aligning the regulation with that reality is a genuine modernization.

Recommendation 2:
I encourage the Board to ensure the risk-based framework remains proportionate for community institutions.
The Government Accountability Office found that BSA compliance costs are proportionally about twice as heavy for the smallest banks as for the largest (GAO-20-574, September 2020: roughly 2% of operating expenses at the smallest studied banks versus under 1% at the largest), and that community institutions report being forced into costly software purchases and outsourcing to meet their obligations (GAO-18-213).
A risk-based solution is an opportunity to relieve this disproportion, but only if examination practice lets a small institution's program be small: scaled to its actual risk surface rather than to a large bank's playbook. I respectfully encourage the Board to make proportionality explicit in the final rule or its examination guidance, so that "risk-based" functions as a right-sizing principle and not merely a redistribution of the same burden.
Recommendation 3:

I encourage the Board to acknowledge open-source and shared tooling as legitimate means of meeting program obligations.

The agencies' 2018 Joint Statement on Innovative Efforts to Combat Money Laundering encouraged responsible innovation, and Congress made encouraging the adoption of new technology a statutory purpose of the Anti-Money Laundering Act of 2020. For small institutions, the most realistic path to capable monitoring, validation, and reporting technology is often shared or open-source software, whose transparency also serves examiners.

Unlike proprietary software, well-governed open-source software provides transparency that enables independent inspection, security review, continuous improvement, and broader peer validation. When supported by appropriate governance and internal controls, it can provide community institutions with affordable access to sophisticated compliance capabilities without compromising supervisory expectations.

Supervisory clarity that an institution will not be viewed adversely for meeting program obligations with well-governed open-source tooling, assessed, like any technology, on its controls and outcomes would materially lower the cost floor of effective compliance for the institutions that need it most.

Recommendation 4:

Outcomes should be evidenced by measurable operational telemetry.

If programs are to be judged on effectiveness, examiners and institutions need a shared, objective vocabulary for it. From operating instrumented banking systems, I can attest that the most defensible evidence of an effective control is continuous, auditable measurement produced by the system itself: validation and rejection rates at the point of data entry, duplicate-prevention counts, screening-system availability and processing times, and remediation turnaround. I encourage the Board, in implementing guidance, to recognize such system-generated operational metrics a

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Recommendation 5:

Clarity in US AML/CFT standards strengthens the global compliance chain.

U.S. AML/CFT standards exert significant influence beyond the nation's borders through correspondent banking relationships and the central role of the U.S. dollar in the global financial system. Financial institutions in emerging markets frequently align their compliance programs with U.S. regulatory expectations because maintaining access to U.S. financial institutions and dollar-clearing networks depends on demonstrating effective risk management and regulatory credibility. Consequently, a clear, risk-based, outcomes-focused U.S. regulatory framework not only strengthens domestic financial crime prevention but also encourages higher compliance standards internationally, reinforcing the integrity of the global financial system and making it more difficult for illicit actors to exploit weaker links at its periphery.

Thank you for the Board's work on this proposal and for considering the perspective of a practitioner. I would be glad to provide further detail on any of the points above.

Respectfully submitted,

Tochukwu Iloani Geoffrey
Banking technology professional
Author of open-source BSA/AML compliance tooling
Open-source AML/CFT project (GitHub): https://github.com/itsmrgeoffrey/FMS