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DEFENSE CREDIT UNION COUNCIL

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The Honorable Tim Scott
Chairman, Senate Committee on Banking, Housing, and Urban Affairs
United States Senate
104 Hart Senate Office Building
Washington, DC 20510

The Honorable John Kennedy
United States Senate
437 Russell Senate Office Building
Washington, DC 20510

Dear Chairman Scott and Senator Kennedy:

On behalf of the Defense Credit Union Council (DCUC), our over 200 members representing over 40 million Americans, I am writing to express our strong support for S. 3017, the **Streamlining Transaction Reporting and Ensuring Anti-Money Laundering Improvements for a New Era Act (STREAMLINE Act)**. DCUC represents credit unions serving our nation's military and their families. We commend your leadership in introducing this much-needed legislation to modernize the Bank Secrecy Act's reporting thresholds for Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs). This bill's commonsense reforms will **reduce outdated regulatory burdens while preserving essential anti-money laundering safeguards**, ultimately allowing credit unions to better serve servicemembers and their communities.

As you know, the Bank Secrecy Act's reporting thresholds have remained unchanged for decades. **Congress set the CTR reporting threshold at \$10,000 in 1970 and the SAR reporting threshold at \$5,000 in the early 1990s, and they have never been adjusted since.** In over 50 years, inflation has dramatically eroded the real value of these thresholds. A \$10,000 transaction in 1970 would be the equivalent of more than **\$70,000 today**. Yet financial institutions are still required to report any cash transaction over \$10,000 – an amount that is no longer indicative of suspicious behavior in today's economy. This antiquated threshold casts an extremely wide net, sweeping in a vast number of routine, lawful transactions that trigger CTR filings. In fact, **over 20.5 million CTRs were filed in 2022 alone** – a staggering volume that illustrates the compliance burden placed on credit unions and community banks under the current rules.

Critically, this flood of reports has not resulted in a commensurate benefit to law enforcement. According to recent findings by the Government Accountability Office (GAO), the vast majority of CTR filings are never even accessed or used by law enforcement agencies. **From 2014 through 2023, law enforcement accessed only about 5% of CTRs filed, leaving over 95% of these reports untouched.** In 2023, fewer than 3% of CTRs from the past decade were reviewed by authorities. This data makes clear that the current thresholds generate an excessive amount of paperwork with **minimal utility for fighting crime**. The DCUC is deeply concerned that these

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outdated requirements divert finite compliance resources toward mountains of unneeded reports, instead of more targeted efforts to detect genuine illicit activity.

The **STREAMLINE Act (S. 3017)** takes a prudent, *evidence-based* approach to address this problem. The legislation **raises the CTR threshold from \$10,000 to \$30,000, and the SAR threshold from \$5,000 to \$10,000**. These updated levels more closely reflect today’s economic reality and will **significantly reduce unnecessary filings**. Notably, GAO analysis suggests that if the \$10,000 CTR threshold had been adjusted for inflation (roughly \$72,000 in 2023 dollars), it would have eliminated up to 90% of reports in recent years. While S. 3017’s proposed \$30,000 threshold is a conservative step, it represents a **meaningful modernization** that will curb unproductive reporting burden without compromising law enforcement’s capabilities. **Importantly, the bill also provides for the thresholds to be indexed to inflation going forward, adjusting every five years**. DCUC strongly supports this forward-looking provision to ensure we do not find ourselves in the same position decades from now with obsolete thresholds.

Because the thresholds have stayed frozen in nominal dollars, **the volume of BSA reports has exploded**, placing heavy compliance burdens on financial institutions – especially community banks and credit unions. A recent GAO analysis found the number of CTR filings has risen **over 60% since 2002** (as inflation made \$10K transactions ever more common). **Law enforcement ends up using only a tiny fraction of these reports** – under 5% of CTRs filed were accessed in FinCEN’s system, with **97%+ going unused**. Yet banks must process and file them all, at great expense.. In a recent survey, over a quarter of banks said **25–50% of their entire BSA compliance budget** is consumed just by CTR filings. This is an astounding diversion of resources that **could be better spent on detecting real illicit finance risks**, but is instead spent on processing paperwork for *every* cash transaction above an outdated dollar threshold.

Community banks and credit unions feel this strain acutely. Smaller institutions with limited compliance staff must funnel time into filing masses of CTR/SAR forms, reducing their capacity to focus on customers or to investigate truly suspicious behavior.. In short, the **status quo forces community institutions to expend outsized effort on low-value reports**, which “**drown [financial] institutions in burdensome paperwork**” without a proportional benefit to security.

By raising the reporting triggers, S. 3017 will “**cut red tape for banks and credit unions**” and provide relief from this compliance drag. Fewer routine transactions will hit the threshold, meaning **far fewer CTRs/SARs to file** – GAO estimates that an inflation-adjusted CTR threshold could *reduce filings by 90% or more* each year, *without harming law enforcement utility*. Instead of chasing paperwork, community institutions can redirect resources to **serve their members and strengthen their communities**, and to focus on truly **suspicious or unusual activities** that merit attention. This balanced approach maintains effective anti-money-laundering safeguards **while lifting a significant burden** off of credit unions and community banks that were never the source of major money-laundering concerns to begin with.

Raising the CTR/SAR thresholds is a *common-sense adjustment* that will **relieve honest consumers and financial institutions from undue compliance burden, while enabling law enforcement to better sift the signal from the noise**. In short, the STREAMLINE Act strikes the right balance between safeguarding the financial system and **removing needless obstacles to financial services**.

For defense-oriented credit unions in particular, this relief is urgently needed. DCUC member credit unions operate on military installations and serve servicemembers around the world. They have a proud mission to support the financial readiness of our troops and their families. Yet under current BSA rules, even routine transactions by military members – such as depositing savings or cashing deployment pay – can trip the CTR threshold and force credit unions to file reports on loyal, law-abiding members. Each report consumes staff time and resources that could be better spent on **servicing members or strengthening anti-fraud programs. By updating the thresholds to more sensible levels, S. 3017 will allow these credit unions to devote more resources to their members' needs while still focusing on truly suspicious activities.** This regulatory right-sizing will especially help smaller community-based and on-base credit unions that lack the massive compliance departments of big banks. Ultimately, the STREAMLINE Act will **empower credit unions to support our military communities more effectively, free from antiquated red tape that does little to improve security.**

In closing, the Defense Credit Union Council **strongly endorses the STREAMLINE Act** and urges its swift consideration. Modernizing the CTR and SAR thresholds is a prudent and **bipartisan** fix that will **reduce regulatory overhead for credit unions and community banks without weakening the fight against financial crime.** We applaud Chairman Scott and Senator Kennedy for championing this legislation, and we are grateful for your commitment to **bringing the Bank Secrecy Act into the 21st century.** DCUC stands ready to assist you in advancing S. 3017 into law. Thank you for your leadership on this important issue and for your continued support of our nation's credit unions and the military members they serve.

If you have any questions, please do not hesitate to email me at jstverak@dcuc.org or contact me via the phone at 202.557.8528.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: Members Senate Banking Housing and Urban Affairs Committee