

BSA/AML POLICY GAP ANALYSIS

First Coastal Community Bank · Regulatory Compliance Assessment

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Standard:	FFIEC BSA/AML Examination Manual (Updated February 2026)	Tools:	Claude · Perplexity AI
Subject Institution:	First Coastal Community Bank (Fictional, \$400M Assets)	Workflow Time:	~90 minutes

Status	Definition	Count	Summary
GAP	Requirement absent or not addressed in policy	5 of 7	Internal Controls, Training, CDD, SAR, OFAC
PARTIAL	Requirement referenced but insufficiently documented	2 of 7	BSA Officer designation, Independent Testing
MET	Requirement fully addressed with sufficient documentation	0 of 7	No pillar fully meets FFIEC standard as written

EXECUTIVE SUMMARY

This gap analysis evaluates First Coastal Community Bank's existing BSA/AML policy statement against the requirements of the FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual (most recently updated February 2026). The assessment covers all five pillars of a compliant BSA/AML program plus OFAC sanctions screening and Suspicious Activity Reporting (SAR) obligations.

Finding: The current policy is critically insufficient. Of seven core requirement areas examined, five present material gaps and two are only partially addressed. No area fully meets FFIEC examination standards as currently written. The institution faces significant examination risk and potential enforcement exposure without immediate remediation.

Workflow Note: This analysis was completed using an AI-native compliance workflow. Regulatory baseline research was conducted using Perplexity AI (current FinCEN/FFIEC guidance). Gap analysis, finding synthesis, and remediation recommendations were generated and quality-reviewed using Claude (Anthropic). Total elapsed time: approximately 90 minutes. Estimated manual research-and-drafting equivalent: 6–8 hours.

REGULATORY BASELINE

The FFIEC BSA/AML Examination Manual establishes the standard against which all U.S. bank BSA/AML programs are examined. Per the manual, an adequate BSA/AML compliance program must include, at minimum:

- A system of internal controls to ensure ongoing compliance
- A designated BSA compliance officer with sufficient authority and resources
- Ongoing, role-specific training for applicable bank personnel (including the board)
- Independent testing (audit) of the BSA/AML program
- Customer Due Diligence (CDD) procedures including a Customer Identification Program (CIP) and beneficial ownership requirements per FinCEN's 2018 CDD rule

In addition, all U.S. financial institutions must maintain:

- A Suspicious Activity Reporting (SAR) program with documented processes, timelines, and recordkeeping
- An OFAC/sanctions screening program meeting Treasury requirements

SUBJECT POLICY — AS WRITTEN

“First Coastal Community Bank maintains a BSA/AML program in compliance with applicable law. The BSA Compliance Officer oversees the program. All new employees receive BSA training during onboarding. The bank conducts annual independent audits. Customer accounts are reviewed at onboarding. Suspicious activity is reported as required.”

The above represents the institution's complete BSA/AML policy statement — six sentences, approximately 60 words. As demonstrated in the gap analysis below, this statement fails to satisfy the documentation requirements across all seven areas examined.

GAP ANALYSIS — FINDINGS

#	Pillar	FFIEC Requirement	Current Policy Language	Status	Remediation Action Required
1	Internal Controls	Written BSA/AML policies and procedures with defined controls, risk-based approach documented, and annual review cycle.	Policy states bank 'maintains a BSA/AML program' with no detail on controls, risk-based methodology, or documented procedures.	GAP	Draft comprehensive written BSA/AML policy manual including: risk-based control framework, defined roles and responsibilities, documented procedures for each program pillar, and annual review/approval process.
2	BSA/AML Officer	Designated BSA Officer with sufficient authority, qualifications, resources, and direct board reporting line.	BSA Compliance Officer mentioned by title only. No qualifications, authority level, reporting structure, or resource allocation documented.	PAR TIAL	Document BSA Officer designation formally: include name/title, qualifications, direct reporting line to board, authority to implement program, and dedicated resource allocation.
3	Training Program	Role-specific, ongoing training for all relevant staff. Board training required. New hire AND annual refresher training. Training records maintained.	Only new employee onboarding training referenced. No annual refresher, no board training, no role-specific curriculum, no recordkeeping mentioned.	GAP	Implement comprehensive training program: role-specific curricula, annual refresher for all staff, board-level training, documented training records with completion tracking and pass/fail logs.
4	Independent Testing	Independent audit of BSA/AML program, risk-based frequency (typically	'Annual independent audits' mentioned. No detail on auditor qualifications,	PAR TIAL	Strengthen audit language: specify auditor independence requirements, risk-based scope, board/audit committee reporting

#	Pillar	FFIEC Requirement	Current Policy Language	Status	Remediation Action Required
		annual), qualified auditor, findings reported to board, remediation tracking.	scope, board reporting, or remediation tracking process.		requirement, written findings documentation, and formal remediation tracking with deadlines.
5	Customer Due Diligence (CDD)	CIP at account opening, beneficial ownership for legal entity customers (25% threshold), risk-based customer risk rating, ongoing monitoring for suspicious activity.	Only states 'customer accounts reviewed at onboarding.' No CIP detail, no beneficial ownership process, no risk rating methodology, no ongoing monitoring program.	GAP	Implement full CDD program: documented CIP procedures, beneficial ownership collection process (FinCEN 2018 rule), risk-based customer risk rating methodology, and ongoing monitoring triggers and procedures.
6	Suspicious Activity Reporting (SAR)	Documented SAR decision-making process, 30-day filing deadline, 90-day extension for ongoing investigations, SAR records retained 5 years, no tipping off provisions.	States 'suspicious activity is reported as required.' No SAR process, timelines, recordkeeping, or tipping-off prohibition documented.	GAP	Document full SAR program: escalation procedures, decision-making authority, 30-day filing requirement, 90-day extension process, 5-year recordkeeping requirement, and no-tipping-off policy for all staff.
7	OFAC / Sanctions Screening	OFAC screening at account opening and on an ongoing basis, SDN list screening, documented escalation for potential matches, blocked transaction procedures.	No mention of OFAC or sanctions screening program anywhere in policy.	GAP	Add dedicated OFAC section: screening procedures at onboarding and transaction-level, SDN/OFAC list update frequency, match escalation process, blocked/rejected transaction procedures, and recordkeeping requirements.

REMEDIATION PRIORITY & RECOMMENDED TIMELINE

Priority	Action Item	Timeline	Owner
1 — Critical	Draft and board-approve comprehensive written BSA/AML policy manual covering all five pillars	0–30 days	BSA Officer + Legal Counsel
2 — Critical	Implement full CDD/CIP program including beneficial ownership procedures (FinCEN 2018 rule)	0–30 days	BSA Officer + Operations
3 — Critical	Add dedicated OFAC/sanctions screening section with procedures, frequency, and escalation process	0–30 days	BSA Officer + Compliance

Priority	Action Item	Timeline	Owner
4 — Critical	Document full SAR program with timelines, escalation, recordkeeping, and no-tipping-off policy	30–60 days	BSA Officer + Legal
5 — High	Develop role-specific annual training program with board training and recordkeeping	30–60 days	BSA Officer + HR
6 — High	Formalize BSA Officer designation with qualifications, authority, and board reporting documentation	30–60 days	Board + BSA Officer
7 — High	Strengthen independent testing language: auditor qualifications, scope, findings reporting, remediation tracking	60–90 days	Internal Audit + BSA Officer

METHODOLOGY & AI-NATIVE WORKFLOW DOCUMENTATION

This gap analysis was produced using an agentic AI compliance workflow. Steps and tools are documented below for portfolio transparency and reproducibility.

- Step 1 — Regulatory Research (Tool: Perplexity AI): Queried current FFIEC BSA/AML Examination Manual requirements. Verified February 2026 update. Identified seven core requirement areas. Estimated time: 15 minutes.
- Step 2 — Framework Design (Tool: Claude): Designed five-pillar gap analysis framework aligned to FFIEC examination structure. Defined GAP / PARTIAL / MET status criteria. Estimated time: 10 minutes.
- Step 3 — Policy Analysis (Tool: Claude): Applied framework to subject policy. Identified findings for each pillar. Drafted remediation recommendations. Estimated time: 25 minutes.
- Step 4 — Report Production (Tool: Claude + docx): Synthesized findings into structured professional report. Human review and quality check applied to all regulatory citations and recommendations. Estimated time: 40 minutes.

Total AI-assisted workflow time: approximately 90 minutes.

Estimated traditional manual equivalent (research + drafting + formatting): 6–8 hours.

Time savings demonstrated: approximately 75–80% reduction in elapsed time with equivalent or higher output quality due to structured framework application.
