BSA / AML · PROGRAM-BUILDING FRAMEWORK

How I Build a BSA Program

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A durable program is not a policy binder. It is a sequence, followed in order and repeated as risk changes — **Classify honestly. Assess rigorously. Build deliberately. Monitor continuously. Escalate decisively.** Each stage produces a deliverable the next stage depends on. Skip one, and you build the gap someone else will find.

STAGE 1 CLASSIFY › STAGE 2 ASSESS › STAGE 3 BUILD › STAGE 4 MONITOR › STAGE 5 ESCALATE

STAGE 1 **Classify** *Know exactly what you are dealing with.*	• Name every party, product, and flow: who the customers are, and how money and data move. • Determine regulatory status from the activities actually performed — never from a label or a pitch. • Assign every BSA function to a named owner. Leave no function unassigned.	**DELIVERABLE** Classification record and responsibility map.
STAGE 2 **Assess** *Measure the risk before activity begins.*	• Evaluate inherent risk across customers, products, geographies, channels, and transactions. • Test existing controls, staffing, and technology — and name what cannot yet be seen. • Set residual risk and a risk tier; that tier drives diligence, controls, and monitoring.	**DELIVERABLE** Documented assessment with a defensible risk tier.
STAGE 3 **Build** *Build controls to the risk you found.*	• Write policies, procedures, and partner contracts stating expectations, data needs, and audit rights. • Build CDD/EDD, onboarding, monitoring, investigation, and SAR reporting to fit the risk. • Put governance, roles, training, and reporting in place before launch — not after.	**DELIVERABLE** Controls and governance ready on day one.
STAGE 4 **Monitor** *Verify continuously that it works.*	• Monitor activity, data quality, and control performance on a cadence set by the risk tier. • Test independently: a statement that a control works is not evidence that it works. • Reassess on a cycle and on change — new products, growth, or emerging typologies.	**DELIVERABLE** Metrics, testing results, and reassessments.
STAGE 5 **Escalate** *Act early, on a ladder built in advance.*	• Define thresholds, authority, timelines, and consequences before an issue forces improvisation. • Move in order: finding, corrective action, restrictions, pause, and exit if risk cannot be managed. • Document, report to leadership, and feed the lesson back into Classify.	**DELIVERABLE** Remediation or orderly exit — lessons captured.

Risk-based, not label-based
Classify the activity, not the description of it.

Responsibility cannot be outsourced
Work can be delegated. Accountability cannot — it must be provable, not just pointed to.

Attestation is not validation
Trust is valuable; it is not a control. Data, testing, and documented decisions are.

The measure of a program is not how much activity it blocks. It is how much good activity it enables — safely, sustainably, and with confidence.

A general methodology drawn from the author's published work on BSA/AML program design. Adapt it to your institution's own risk profile, policies, and legal advice. It is not any institution's policy, procedure, or examination standard.