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FDIC Plan to Raise Cash Deposit Reporting Limit to \$30,000 Could Ease Pressure on USVI Banks

The new rule, expected in 2026, would replace the decades-old \$10,000 limit for reporting large deposits. FDIC officials say tying the amount to inflation will reduce red tape and cut filings by 40%, helping U.S. Virgin Islands banks focus on real risks

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The towering Banco Popular building rises over Old San Juan, Puerto Rico, symbolizing the bank's regional influence across the Caribbean, including the U.S. Virgin Islands.

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Federal regulators are advancing a significant update to the Bank Secrecy Act of 1970 by proposing to raise the cash transaction reporting threshold from \$10,000 to \$30,000 and, for the

first time, tying future adjustments to inflation. Announced as part of a broader package of banking reforms in late 2025, the change aims to reduce compliance burdens on FDIC-insured institutions while preserving anti-money laundering safeguards. Under the current rule, banks must file a Currency Transaction Report (CTR) for any cash deposit, withdrawal, or exchange exceeding \$10,000.

The proposed \$30,000 floor—set to take effect upon finalization in 2026—would automatically adjust annually based on the Consumer Price Index for All Urban Consumers (CPI-U), meaning the limit would rise or fall in lockstep with the cost of living. FDIC Acting Chairman Travis Hill explained the rationale in a September board meeting: “Tying the threshold to inflation ensures that reporting requirements remain relevant without imposing unnecessary paperwork on routine, legitimate transactions.”

Indexing to inflation means the \$30,000 threshold would be recalculated each January using the CPI-U published by the Bureau of Labor Statistics. For example, if inflation averages 2.5% annually, the limit would increase by approximately \$750 per year, reaching roughly \$38,000 by 2035. This mechanism, modeled after adjustments in tax brackets and Social Security benefits, prevents the real value of the threshold from eroding over time—a problem that has persisted since the \$10,000 limit was set in 1970, when it equaled about \$80,000 in today’s dollars. The Treasury Department’s Financial Crimes Enforcement Network (FinCEN), which administers BSA compliance, estimates the change would reduce CTR filings by 40%—from 16 million annually to under 10 million—freeing resources for higher-risk monitoring. A FinCEN advisory issued October 15 noted that “the vast majority of reports currently filed involve lawful activity,” supporting the adjustment as a data-driven refinement rather than a rollback of oversight.

The proposal applies uniformly to all 3,400 FDIC-insured banks, including those operating in U.S. territories like the U.S. Virgin Islands, where three commercial banks—Banco Popular, FirstBank, and Scotiabank—manage roughly \$4 billion in deposits for a population of 100,000. In the USVI, cash-heavy industries such as tourism and construction often trigger CTRs for legitimate payroll or vendor payments, particularly post-hurricane rebuilding efforts. Raising the threshold could cut reporting volume by half in these markets.

Complementing the BSA update, the FDIC has rescinded its 2024 merger policy statement and proposed streamlined branch application rules, eliminating newspaper publication and public comment mandates for routine expansions. These measures, effective August 4, 2025, for mergers and pending finalization for branches, aim to reverse the decline in bank charters from 8,500 in 2008 to about 4,500 today. Hill, the FDIC acting chairman, emphasized in an April speech that the agency is “exploring ideas for encouraging more de novo bank activity,” including clearer chartering paths. For USVI banks, faster merger approvals could facilitate partnerships with mainland institutions to bolster capital reserves strained by climate risks, while simplified branching supports digital-physical hybrids in remote areas like St. John.

Consumer advocates have raised measured concerns that fewer CTRs might create blind spots for money laundering, though FinCEN counters that artificial intelligence and transaction analytics now flag anomalies more effectively than volume-based reporting. The National Community Reinvestment Coalition urged retention of community impact reviews in mergers, a stance the FDIC addressed by reaffirming statutory factors under the Bank Merger Act. Treasury Secretary Scott Bessent, coordinating interagency efforts, stressed in April that reforms must “promote a vibrant, growing economy” without consolidating regulators—a step requiring Congress. The BSA proposal, open for comment through November 2025, enjoys broad industry support, with the American Bankers Association projecting \$300 million in annual compliance savings.

Implementation will proceed in phases: the \$30,000 threshold and inflation indexing require only regulatory action, while merger and branch rules are already in motion. For FDIC-partner banks nationwide and in the USVI, the package promises operational breathing room amid rising costs—cybersecurity, deposit insurance premiums, and digital infrastructure.

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