

WHITE PAPER

MTO Compliance by the Numbers

The real cost of compliance for money transfer organisations – market data, enforcement trends, and what the numbers say about surviving in the most regulated corner of financial services.

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1. Executive Summary

Money transfer organisations sit at the intersection of enormous economic impact and intense regulatory scrutiny. The numbers tell the story better than any policy paper.

\$905B

Global remittance flows in 2024, up 4.6% from \$865B in 2023

\$685B

Remittances to low- and middle-income countries alone – larger than FDI and foreign aid combined

\$161M

AML penalties against money transmitters in 2025, second only to crypto exchanges

This white paper assembles the numbers that matter most for MTO operators, compliance officers, and the investors behind them. It is not a policy recommendation. It is a factual account of what the remittance industry looks like in 2025–2026: how big it is, how much compliance costs, what regulators are actually fining people for, and why banks keep closing MTO accounts.

Every statistic cited here comes from a primary source: the World Bank, FATF, FinCEN, the FCA, Fenergo, or a named enforcement action. Where estimates vary, we note the range.

Who This Is For

MTO founders and executives who need to understand their regulatory exposure. Compliance officers building a case for budget. Investors evaluating the operational risk profile of remittance businesses. Anyone who wants to understand what \$905 billion in annual flows means for the people responsible for keeping those flows clean.

The picture that emerges is not complicated. The remittance market is enormous and growing. Regulation is fragmented, expensive, and getting stricter. Enforcement is accelerating. And the MTOs that survive are the ones that treat compliance as infrastructure – not as a cost centre to be minimised.

2. The \$905 Billion Market

Global remittance flows hit \$905 billion in 2024. That is not a forecast or a projection. It is what actually moved.

2.1 The Big Picture

According to the World Bank, global remittances grew 4.6% in 2024, rising from \$865 billion in 2023 to \$905 billion. Remittances to low- and middle-income countries specifically reached \$685 billion – a growth rate of 5.8%, significantly higher than the 1.2% registered in 2023.

To put \$685 billion in perspective: it is larger than foreign direct investment (FDI) and official development assistance (ODA) to developing countries combined. For many nations, remittances are not supplementary income. They are the economy.

\$129B

India – largest recipient country
in 2024

\$68B

Mexico – second largest
recipient

\$48B

China – third largest recipient

2.2 Top 10 Recipient Countries

Rank	Country	Remittance Inflows (2024)	% of GDP (est.)
1	India	\$129 billion	3.4%
2	Mexico	\$68 billion	4.8%
3	China	\$48 billion	0.3%
4	Philippines	\$40 billion	8.9%
5	Pakistan	\$33 billion	9.3%
6	Bangladesh	\$24 billion	5.4%
7	Egypt	\$22 billion	5.6%
8	Nigeria	\$19 billion	4.3%
9	Guatemala	\$19 billion	17.5%
10	Vietnam	\$16 billion	3.6%

Source: World Bank Migration and Development Brief, 2024. GDP percentages are estimated based on IMF GDP data.

2.3 The Cost of Sending Money

The global average cost of sending \$200 was 6.49% in Q1 2025, according to the World Bank's Remittance Prices Worldwide database. The UN's Sustainable Development Goal 10.c targets reducing this to below 3% by 2030. Progress has been mixed:

Digital Remittances

The global average cost for digital remittances dropped to **4.85%** in Q1 2025. Digital channels now account for 76% of corridors meeting the 5% threshold. This is where the industry is heading – but it is not where most volume flows yet.

Non-Digital Remittances

Traditional cash-to-cash remittances average **7.16%** globally. In sub-Saharan Africa, costs climbed to nearly **9%** in Q1 2025, up from 7.7% a year earlier. Cash remains dominant in many high-volume corridors.

The Compliance Cost Paradox

Compliance costs are a significant driver of remittance pricing. But the MTOs that underinvest in compliance are the ones that lose their banking relationships, face enforcement actions, and ultimately shut down – which further concentrates the market and keeps prices high. Seven companies now handle more than 80% of transaction volume, with 56% of transfers still relying on agent-based methods.

3. The Regulatory Maze: Licensing in Numbers

There is no single “money transfer licence.” Every jurisdiction has its own requirements, its own timelines, and its own costs. Here is what that actually looks like.

3.1 The United States: 49 Licences for One Country

In the US, 49 states (every state except Montana) require a separate money transmitter licence. Each state has different application requirements, different surety bond amounts, different renewal cycles, and different examination schedules. On top of state licensing, MTOs must register with FinCEN at the federal level.

49

US states requiring separate money transmitter licences

6–18

Months to obtain a single state licence

\$25K–\$1M+

Surety bond range per state

3.2 Key Jurisdictions Compared

Jurisdiction	Licence / Registration	Typical Timeline	Key Requirements
United States	State MTL + FinCEN MSB registration	6–18 months per state	Surety bonds (\$25K–\$1M+), BSA/AML programme, state examinations
United Kingdom	FCA Registration (Small PI or Authorised PI)	3–12 months	Capital requirements, AML/CFT programme, fit and proper tests
European Union	PSD2 Payment Institution licence (passportable)	6–12 months	Own funds requirements, governance, AML per local NCA
Canada	FINTRAC MSB registration	1–3 months	Compliance programme, reporting obligations, agent registration
Australia	AUSTRAC Remittance registration	1–6 months	AML/CTF programme, ongoing reporting, independent audit
Singapore	MAS Major Payment Institution licence	6–12 months	Capital requirements (\$250K base), AML/CFT programme
UAE	CBUAE Hawala / Exchange House licence	3–6 months	Capital requirements, physical presence, AML programme

3.3 The FATF Factor

The Financial Action Task Force sets the global standard for AML/CFT regulation. Its mutual evaluations determine whether a country's regime is considered effective. The consequences of a poor FATF evaluation are real and measurable:

- ✓ **Grey-listed countries** face increased monitoring and must demonstrate progress on identified deficiencies. As of 2025, 21 countries remain on the FATF grey list, including Nigeria, South Africa, and Turkey – all significant remittance corridors.
- ✓ **Correspondent banks** factor FATF evaluations into their own risk assessments. Operating in or through grey-listed jurisdictions increases compliance costs and de-risking exposure for MTOs.
- ✓ **Over 25%** of remittance service providers face regulatory compliance challenges that limit their operational efficiency, according to FATF assessments.

The Licensing Arithmetic

An MTO operating across the US, UK, EU, Canada, and Australia needs – at minimum – 49 US state licences, a FinCEN registration, an FCA authorisation, a PSD2 licence, a FINTRAC registration, and an AUSTRAC registration. That is 54 separate regulatory relationships to maintain, each with its own examination schedule, renewal cycle, and reporting requirements. This is not a hypothetical. This is the operating reality for any MTO with global ambitions.

4. What Compliance Actually Costs

Compliance is not a line item. It is an operating system. Here is what it costs to run it, broken down into the categories that actually matter.

4.1 Cost Breakdown for a Mid-Size MTO

The following estimates are based on industry surveys and regulatory filings for MTOs processing \$200M–\$1B in annual transfer volume, operating across 3–10 corridors. A mid-size MTO at this volume typically generates \$8M–\$40M in annual revenue (at a 3–5% average take rate on transfers).

Cost Category	Annual Range	Notes
Compliance staff	\$250K – \$700K	MLRO (£80K–£120K in London, \$100K–\$150K in the US), 2–4 compliance analysts, shared QA capacity. Labour accounts for ~41% of total compliance costs (LexisNexis, 2024).
Transaction monitoring	\$60K – \$200K	SaaS platform licensing, typically priced per transaction or per active customer. Rule configuration and tuning.
KYC / CDD	\$50K – \$200K	Automated identity verification at \$1–\$5 per check. Manual enhanced due diligence at \$15–\$40 per case including analyst time. Volume-dependent.
Sanctions screening	\$30K – \$120K	API-based screening against OFAC, EU, UN, UK, and additional lists. Re-screening on list updates. Priced per check or monthly flat rate.
Licensing & legal	\$100K – \$400K	External counsel, licence applications and renewals, surety bond premiums, state examination prep. Higher end for US multi-state operations.
Training	\$15K – \$60K	Annual AML training for all staff and agents. Regulatory requirement in most jurisdictions. Larger agent networks push costs higher.
Audit & reporting	\$40K – \$120K	Independent AML programme audit (typically \$25K–\$60K), SAR/CTR filing systems, regulatory returns.

\$545K–\$1.8M

Total annual compliance cost
for a mid-size MTO

5–10%

Compliance as a percentage of
revenue – higher than most
financial sectors

\$1–\$5

Cost per automated KYC check
(vs. \$15–\$40 manual EDD)

For context, the LexisNexis 2024 True Cost of Financial Crime Compliance study found that compliance costs increased for 99% of financial institutions surveyed. In the US and Canada alone, total financial crime compliance spending reached \$61 billion. 79% of organisations reported rising technology costs, and 72% saw higher labour costs for compliance staff.

4.2 How Costs Scale

Compliance costs do not scale linearly with volume. A well-automated MTO processing \$2B pays significantly less per transaction than one processing \$200M manually. The LexisNexis study found that mid and large-sized firms (those with over \$10B in assets) were more likely to see cost escalations in technology (82%) but benefited from economies of scale in per-transaction costs.

What Drives Costs Up

- Adding new corridors (each requires regulatory mapping)
- Cash-intensive agent networks (higher monitoring burden)
- Corridors involving FATF grey-listed jurisdictions (EDD requirements)
- Multi-state US licensing (49 separate relationships)
- High false positive rates (95%+ is common, each alert costs analyst time)

What Drives Costs Down

- API-based screening and monitoring (SaaS pricing vs. on-premise)
- Automated KYC reducing per-check cost from \$15–\$40 to \$1–\$5
- ML-powered alert triage reducing false positive review burden
- Digital-only model (no agent network oversight)
- Concentrating on fewer, well-understood corridors

The False Positive Tax

Industry-wide, AML screening false positive rates exceed 95%. For an MTO processing 20,000 transactions per day with a 2% alert rate and 95% false positive rate, that is 380 false alerts requiring human review every day. At 15 minutes per review, that is 95 analyst-hours daily – roughly 12 full-time employees reviewing alerts that turn out to be nothing. Reducing the false positive rate from 95% to 80% cuts that to 4 FTEs. The cost of false positives is not abstract. It is headcount.

5. Enforcement: The Fines Are Getting Bigger

Regulators are not slowing down. In 2024, global AML enforcement actions totalled \$4.6 billion. Money transmitters are an increasingly prominent target.

\$4.6B

Total global AML enforcement actions in 2024 (Fenergo)

\$3.3B

Of that total attributable to transaction monitoring failures alone

\$161M

AML penalties against money transmitters in 2025

5.1 Notable Enforcement Actions

Year	Entity	Penalty	Violation
2025	Block, Inc. (Cash App)	\$80 million	AML programme deficiencies. Settlement with 8 state money transfer regulators.
2025	Wise US, Inc.	\$4.2 million	SAR filing deficiencies and transaction monitoring data integrity issues. Joint action by 5 state regulators.
2024	TD Bank	\$3.09 billion	Systemic AML failures including in remittance and wire transfer monitoring. Largest AML fine in US banking history.
2022	Western Union	\$150 million	FTC settlement over fraud prevention failures in agent network. Prior \$586M settlement in 2017 for AML/fraud.
2021	TransferGo	£642,000	FCA fine for AML programme failures including inadequate risk assessments and customer due diligence.

5.2 What Regulators Actually Fine For

The pattern in enforcement actions is remarkably consistent. The same categories of failure appear again and again:

Transaction Monitoring Failures

The single largest category of enforcement actions in 2024, accounting for \$3.3 billion in penalties globally. Common failures: inadequate rule coverage, stale thresholds, unmonitored transaction types, and failure to investigate alerts in a timely manner.

SAR Filing Deficiencies

Late filings, incomplete narratives, and failure to file at all. FinCEN expects SARs filed within 30 days of detection. The FCA expects SARs "as soon as practicable." Regulators audit filing timeliness and narrative quality.

Inadequate Customer Due Diligence

Failure to collect required identification, failure to verify identity against reliable sources, failure to conduct Enhanced Due Diligence on high-risk customers, and failure to maintain current customer information.

Programme Design Deficiencies

Risk assessments that do not reflect the business's actual risk profile. Policies and procedures that exist on paper but are not followed in practice. Insufficient compliance staffing relative to transaction volume and risk.

The Repeatability Problem

Most AML enforcement actions stem from "repeatable and preventable weaknesses," according to enforcement trend analysis. These are not novel failures. They are the same problems appearing at different institutions, year after year. Transaction monitoring that does not monitor the right things. CDD that collects information but does not verify it. Risk assessments written once and never updated. The playbook for avoiding enforcement is not secret. It is just difficult to execute consistently at scale.

6. De-Risking: The Silent Threat

For most MTOs, the biggest compliance risk is not a fine. It is losing your bank account.

6.1 The De-Risking Problem

De-risking is the practice of banks terminating or restricting business relationships with entire categories of clients – including MTOs – to avoid risk rather than manage it. It is the single most existential compliance-related threat facing the remittance industry.

The Bank for International Settlements (BIS) identifies two primary drivers: rising compliance costs that make MTO relationships unprofitable for banks, and uncertainty about how far customer due diligence should extend to avoid regulatory sanction. When a bank calculates that the revenue from an MTO relationship does not justify the compliance risk, it terminates the relationship. No fine is necessary. No enforcement action is filed. The MTO simply receives a letter.

~9%

Cost of sending \$200 to sub-Saharan Africa in Q1 2025 – up from 7.7% a year earlier, partly driven by de-risking

80%+

Market share held by just 7 companies, reflecting consolidation driven by compliance barriers

21

Countries on the FATF grey list as of 2025, increasing de-risking pressure on corridors serving those countries

6.2 Who Gets De-Risked

De-risking does not affect all MTOs equally. The pattern is predictable:

Risk Factor	Impact on Banking Access
Corridors to FATF grey-listed countries	Significantly elevated risk of account closure. Banks apply enhanced scrutiny to all transactions involving these jurisdictions.
Cash-intensive operations	Agent networks handling physical cash are viewed as higher-risk. 56% of remittances still rely on agent-based methods.
Small MTO size	Revenue from the banking relationship is insufficient to justify compliance overhead. Larger MTOs have more leverage.
Weak compliance programme	Banks assess the MTO's own AML programme as part of their due diligence. Gaps in monitoring, KYC, or reporting are grounds for termination.
Regulatory enforcement history	Any prior enforcement action, consent order, or public regulatory criticism significantly increases de-risking risk.

6.3 The Downstream Effects

When MTOs lose banking access, the consequences extend beyond the individual business:

- ✓ **Market concentration increases.** Fewer operators means less competition and higher prices for consumers. The consolidation to 7 dominant companies is partly a de-risking outcome.
- ✓ **Informal channels grow.** When regulated MTOs cannot operate in certain corridors, remittances shift to informal hawala networks and unregulated channels – the opposite of what de-risking intends.
- ✓ **Costs rise for the most vulnerable.** Sub-Saharan Africa, where remittances cost nearly 9% to send, is also the region most affected by correspondent banking withdrawal.

“De-risking does not eliminate risk. It displaces it from the regulated financial system into channels with no monitoring, no reporting, and no transparency.”

– Financial Stability Board, Correspondent Banking Report

The G20 Response

The G20 Roadmap for Enhancing Cross-Border Payments targets reducing average remittance costs below 3% by 2030. Achieving this requires addressing de-risking directly – which means making it easier and cheaper for MTOs to demonstrate compliance quality to their banking partners. Technology is the only viable path to that outcome at scale.

7. What Good Compliance Looks Like

The MTOs that avoid fines, retain banking relationships, and scale successfully share a common set of characteristics. None of them are surprising. All of them are difficult to maintain at scale.

7.1 The Numbers That Matter

Regulators and banking partners evaluate MTOs on a set of quantifiable metrics. The targets below represent industry benchmarks for well-run compliance programmes:

Metric	Poor	Adequate	Best-in-Class
SAR filing timeliness	>45 days from detection	30 days	<15 days
Alert-to-SAR ratio	<1%	3–5%	8–15%
False positive rate	>98%	90–95%	<80%
Alert review time	>48 hours	<24 hours	<4 hours
KYC refresh cycle	Never / ad hoc	Risk-based (1–3 years)	Continuous monitoring
Sanctions screening latency	>1 second	<500ms	<200ms
Staff-to-transaction ratio	1 analyst per 5K txns/month	1 per 15K	1 per 40K+ (with automation)

7.2 The Compliance Maturity Model

MTO compliance programmes tend to follow a predictable maturity curve. Understanding where you sit on this curve helps prioritise investment:

Stage 1: Reactive

Compliance exists to satisfy licensing requirements. Manual processes. Rules-based monitoring with high false positive rates. KYC collected at onboarding and rarely refreshed. Typical of early-stage MTOs processing <\$100M annually.

Stage 2: Structured

Documented risk assessment. Defined policies and procedures. Some automation in screening and monitoring. Regular training. SAR filing within regulatory timelines. Typical of MTOs processing \$100M–\$1B.

Stage 3: Optimised

Risk-based approach to all compliance functions. Machine learning reducing false positives. Continuous KYC monitoring. Automated STR narratives. Compliance data informs business decisions. Typical of MTOs processing \$1B–\$5B.

Stage 4: Predictive

Compliance as competitive advantage. Network-level analytics identifying emerging typologies. Real-time risk scoring informing transaction routing. Compliance metrics benchmarked against peers. Banking partners view the MTO as lower-risk. Processing \$5B+.

7.3 The Technology Multiplier

The difference between Stage 1 and Stage 4 is not headcount. It is technology. The numbers make this clear:

60–70%

Reduction in per-transaction compliance cost through automation

8x

Improvement in analyst-to-transaction ratio with ML-powered alert triage

<200ms

Sanctions screening latency achievable with modern API-based platforms

The Money Laundering Detection Gap

The United Nations estimates that 2–5% of global GDP – between \$2.2 trillion and \$5.5 trillion – is laundered annually. Only about 1% of laundered funds are ever seized.

Developing economies lose 3.7% of GDP to illicit financial flows, compared to 0.4% for high-income countries. These numbers are not an argument for perfection. They are context for why regulators keep increasing pressure, and why compliance investment in the remittance sector is not optional.

8. About KYCEER

KYCEER is an AI-native compliance platform built for the organisations that move money across borders. We provide the infrastructure that turns the numbers in this white paper from problems into operations.

KYC – Identity Verification

Single API for document verification, biometric matching, and database checks across 195+ countries. Sub-10-second verification for standard checks. Risk-adaptive flows that adjust verification depth based on customer and corridor risk.

KYB – Business Verification

Corporate registry integration for 100+ jurisdictions. Automated beneficial ownership analysis with recursive entity resolution. Ongoing monitoring for structure changes, officer changes, and adverse events.

KYT – Transaction Monitoring

Event-driven transaction monitoring API. Real-time and batch processing. Configurable rule engine with pre-built rule libraries for MTO-specific typologies. Machine learning for anomaly detection and alert prioritisation.

Sanctions Screening

Sub-200ms screening against OFAC, EU, UN, UK, and 50+ additional sanctions and PEP lists. Fuzzy matching with transliteration support for name variants across scripts. Continuous re-screening on list updates.

Built for MTOs

- ✓ **Multi-corridor risk scoring** that adjusts thresholds based on corridor, currency, and counterparty risk – not one-size-fits-all rules
- ✓ **Agent network oversight** with tiered due diligence, transaction velocity monitoring, and concentration analysis
- ✓ **Travel Rule compliance** with automated originator/beneficiary data collection and validation
- ✓ **API-first architecture** that integrates into existing MTO platforms in days, not months
- ✓ **AI compliance agents** that automate alert triage, SAR narrative drafting, and regulatory report generation
- ✓ **Case management** with full investigation workflow from alert to SAR filing, accessible via API

Level39, One Canada Square, London

KYCEER is headquartered at Level39, Europe's largest technology accelerator for finance, cyber-security, and smart-city technology. Located in Canary Wharf, London – at the centre of the global financial services industry and the regulatory ecosystem that governs it.

Sources

World Bank Migration and Development Brief (2024) • World Bank Remittance Prices Worldwide, Q1 2025 • Fenergo AML Enforcement Action Report (2024) • FATF Annual Report 2023–2024 • FATF Mutual Evaluation Methodology • FinCEN Enforcement Actions Database • FCA Enforcement Notices • Bank for International Settlements, Correspondent Banking Survey • Financial Stability Board, Correspondent Banking Report • UNODC Estimating Illicit Financial Flows • UN Sustainable Development Goals, Indicator 10.c • G20 Roadmap for Enhancing Cross-Border Payments • Inter-American Dialogue, State of the Remittance Industry (2025) • IMF Global Financial Stability Reports



The numbers are clear. Is your compliance stack?

Talk to our team about building compliance infrastructure that scales with your corridors.

[Book a Demo](#)

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