



AML enforcement is changing in India.

What it means for financial institutions.

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For years, Directorate of Enforcement (ED)'s investigations were largely associated with bank frauds, large corporate scams, and real estate-related offences. According to the ED Director, Rahul Navin, while bank fraud remains an enforcement priority, the criminal landscape today is defined by cryptocurrency scams, cyber-enabled fraud, terror financing, narcotics trafficking, and other forms of organized financial crime that operate across multiple jurisdictions, entities, and channels.

At the same time, enforcement activity is accelerating. In FY 2025-26 alone, the ED filed 812 prosecution complaints under the Prevention of Money Laundering Act (PMLA), nearly double the previous year's total. Moreover, over 41% of all prosecution complaints

ever filed by the agency have been filed in just the last two years, highlighting a significant increase in investigative momentum.

Trends Shaping AML Enforcement:

Investigations are becoming faster

Case lifecycles have reduced from roughly 3 to 4 years to about 1 to 1.5 years due to technology driven investigations, increased prosecution activity, and better intelligence integration. This means that suspicious activity no longer takes years to surface and the regulator's investigative timeline has significantly reduced.

Technology is now central to AML enforcement

In the last few years, there has been a shift from person or summon centric approach to technology centric approach in investigation. Regulators are increasingly using tools such as data analysis software, Open Source Intelligence (OSINT) and integrated access to intelligence platforms such as FINNET 2.0, shortening the time to establish money trails and build sustainable evidence. Law enforcement authorities now utilise financial intelligence from multiple databases simultaneously, trace cryptocurrency flows through blockchain analytics, and access corporate and property records with greater speed.

Asset tracing and recovery is a critical enforcement priority

In FY 2025-26, the ED attached assets worth ₹81,422 crore, a significant increase from ₹30,364 crore in FY 2024-25 and as of March 2026, more than ₹63,142 crore worth of assets has been restored to victims. This aligns closely with the Financial Action Task Force's long-standing position that depriving criminals of their gains is as important as

prosecuting them. For financial institutions, this means that their ability to trace the movement of funds, maintain historical transaction data and identify linked accounts can directly influence the success of asset recovery efforts.

Shell companies remain a challenge

Many of the significant cases investigated by the ED continue to involve shell companies, layering structures, related-party entities, and diversion of funds across multiple entities to conceal the true beneficiaries of illicit funds.

What Financial Institutions Can Do Next

As enforcement becomes faster, technology-driven, and focused on quality of financial intelligence, some areas firms can prioritize include

Beneficial ownership identification

Financial institutions need clear visibility into who ultimately owns, controls, or benefits from customer relationships. This can be facilitated through Ultimate Beneficial Ownership (UBO) identification processes, enhanced due diligence, periodic ownership reviews, and ongoing monitoring of corporate structures.

Transaction monitoring

Organizations can consider combining transaction monitoring with AI-ML based behavioural analytics and anomaly detection to identify unusual activity more effectively while reducing false positives and investigative burden.

Investigation and case management workflows

As regulatory investigations accelerate, institutions can further enable this through efficient investigation of alerts and documentation of decisions. End-to-end case management workflows, comprehensive audit trails, and AI-assisted case narrative generation can reduce investigation timelines while improving the quality and defensibility of decision-making.

Network and link analysis

In the case of sophisticated criminal networks, detection of suspicious activity is difficult from the analysis of individual customers or transactions in isolation. In order to map connections between customers and visualise the movement of funds across related entities, organisations can gain deeper insights through network and link analysis.

Timely submission of high-quality regulatory reports, maintenance of complete case records and use of AI-powered investigation tools are critical components of an effective AML framework. Regulators are moving beyond compliance and toward intelligence led financial crime enforcement. Organisations that proactively modernise their risk frameworks and invest in resilient technology and investigation capabilities will be best positioned to meet the regulator's evolving standards.

At Quantum Data Engines, we help organizations build these capabilities through a comprehensive AML solution that enables faster decision making, more efficient investigations and overall stronger financial crime risk management. Write to connect@qde.ai to explore how QDE can support your AML program and regulatory compliance objectives.



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