

October 13, 2020

Policy Division  
Financial Crimes Enforcement Network  
P.O. Box 39  
Vienna, VA 22183

**Re: Renewal Without Change of the Customer Identification Program Regulatory Requirements for Certain Financial Institutions;  
Docket Number FINCEN–2020–0010 and the specific Office of Management and Budget (OMB) control numbers 1506–0022, 1506–0026, 1506–0033, and 1506–0034**

To Whom It May Concern:

On behalf of the 2.2 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on Financial Crimes Enforcement Network's (FinCEN's) above referenced customer identification program (CIP) notice.

**Background**

The Bank Secrecy Act (BSA) provides authority for the Secretary of the Treasury to require financial institutions to maintain certain records and submit reports related to anti-money laundering (AML) programs. These programs are designed to protect against international terrorism and counter-intelligence activities. The Director of FinCEN has been delegated the authority to adopt and implement BSA regulations, including rules requiring covered entities to develop and implement customer identification programs designed to allow the financial institution to form a reasonable belief it knows the true identity of each customer. The financial institutions covered by these requirements are grouped into four categories in the regulations: (1) "banks," which are defined to include banks, credit unions, savings associations and State-regulated banking entities; (2) futures commission merchants and introducing commodities brokers; (3) mutual funds; and (4) brokers and dealers in securities.

Generally speaking, the BSA regulations relevant to this notice require covered institutions to:

1. Maintain a written CIP (as part of a larger written AML program if the institution is required to maintain one);
2. Identify risk-based procedures for verifying the identity of each customer, to the extent reasonable and practicable;
3. Establish recordkeeping processes for CIP-related information obtained;
4. Consult government lists to determine whether a new customer is listed as a suspected terrorist or terrorist organization; and
5. Notify customers that the bank is requesting personal information to verify their identities.<sup>1</sup>

<sup>1</sup> See 31 CFR §1020.220(a)(1) –(a)(5).

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In addition, the CIP can allow for a covered institution to rely upon another financial institution's CIP under certain conditions.

The Paperwork Reduction Act of 1995 (PRA) requires agencies to estimate the burdens that their regulations impose on regulated industries. Because of difficulties involved with, among other things, estimating the number of new member accounts opened for new customers each year, the PRA estimates for the hourly burden on credit unions and other "banks," have been established as 10 hours for maintaining and updating a written CIP, and 1 hour for posting notices or otherwise notifying customers about the need to verify their identities. The resulting 11-hour compliance estimate for banks excludes items 2-4 on the list above, so FinCEN is requesting comment on a future methodology that could estimate the hourly burden for identity verification, recordkeeping and list consultation.

HCUA supports FinCEN's efforts to update these PRA burden estimates in order to more accurately understand the regulatory compliance costs to financial institutions. We also agree that the procedures for identification verification, list consultation and recordkeeping burdens are relevant for accurately calculating the true costs of complying with the CIP regulations.

While HCUA supports the objectives of BSA and the CIP regulations, we believe that this PRA update can help FinCEN strike the right balance between the costs imposed on leanly staffed and primarily locally-oriented credit unions and the benefits to the federal government and law enforcement of the regulatory requirements imposed. Prior to adopting final estimates, FinCEN would benefit from asking financial institutions to complete a voluntary survey measuring the hourly and monetary costs of compliance with the CIP rule, and can engage with industry groups like HCUA to assist by encouraging member participation. These efforts, beyond this PRA notice, would help FinCEN collect the broadest and most accurate cost estimate possible.

As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,

A handwritten signature in black ink that reads "Bradley D. Douglas". The signature is fluid and cursive, with the first name "Bradley" and last name "Douglas" clearly legible.

Brad Douglas  
President/CEO