

August 13, 2024

Via electronic submission: <http://www.regulations.gov>

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

Re: Comments of International Bancshares Corporation on Proposed Renewal of Agency Information Collection Regarding the Customer Identification Program Requirements (Docket No. FINCEN-2023-0015; OMB Control Nos. 1506-022, 1506-0026, 1506-033, 1506-034).

To Whom It May Concern:

The following comments are submitted by International Bancshares Corporation ("IBC"), a publicly traded, multi-bank financial holding company headquartered in Laredo, Texas. IBC maintains 166 facilities and 256 ATMs, serving 75 communities in Texas and Oklahoma through five separately state-chartered banks ("IBC Banks") ranging in size from approximately \$475 million to approximately \$8.7 billion, with consolidated assets of approximately \$15.5 billion. IBC is one of the largest independent commercial bank holding companies headquartered in Texas. The Federal Deposit Insurance Corporation ("FDIC") is the primary federal regulator of the IBC Banks, and the Federal Reserve Board ("FRB") is the primary federal regulator of IBC.

These comments respond to the Financial Crimes Enforcement Network's ("FinCEN") proposed renewal without change of the Customer Identification Program ("CIP") regulatory requirements for certain financial institutions ("Notice"). The Bank Secrecy Act and its implementing regulations require banks to implement the CIP requirements. It is IBC's experience and belief that FinCEN's burden estimates vastly underestimate the time and resources necessary to comply with the CIP rule. Even with new technology to assist in complying with the CIP rule, there are still significant time and resources needed that the FinCEN estimates do not acknowledge.

IBC appreciates the opportunity to comment, and its comments to FinCEN's specific requests is below.

Responses to Specific Requests for Comment

1. The accuracy of the agency's estimate of the burden of the collection of information.

FinCEN's estimates must be updated as they are well below the actual time and effort needed to comply with CIP obligations. IBC staffs four full time account auditors, three maintenance auditors, and one audit supervisor who all review CIP information, and the average hourly pay for these employees is \$15 per hour, plus benefits.

FinCEN estimates that it takes ten hours annually to maintain and update a bank's CIP, but the reality is that it takes much longer. Multiple employees (from compliance, to legal, to risk, to operations) must provide input, and several employees are responsible for staying alert of any changes in applicable CIP regulations. Providing input and monitoring changes in regulations is an ongoing process that does not just occur for a couple hours a year. It requires daily and weekly searching and monitoring of changes in regulation and actions against other banks for violations to ensure IBC does not have the same practices. Once changes or findings have been identified, there is the actual work necessary to implement any required changes to IBC's CIP policy, process, and practices. Various documents and systems may require updates and changes, and certain changes may require multiple levels of approval between different departments and even from the Board of Directors.

FinCEN's estimate of two minutes per account to obtain and verify a customer's identity is also woefully deficient. Obtaining the information may take much longer and require back and forth with the customer to explain what is necessary and how to submit it. Moreover, IBC has a sizeable Hispanic and Spanish-speaking customer base. Explaining the necessary information and obtaining it frequently takes longer due to language barriers. The documentation is also typically not the "standard" documentation (e.g., state-issued drivers' license), but a mix of acceptable documents (e.g., alien identification card or foreign-issued I.D., etc.) which can take more time to review and confirm its appropriateness. Even though IBC uses a third-party vendor to assist with its CIP, that process can still take more than two minutes, but under five minutes typically.

FinCEN greatly underestimates the time needed to explain the requirements to customers, to review and confirm any customer that is not a standard English-speaking U.S. citizen with a drivers' license, and to keep the CIP up to date with regulatory obligations and guidance.

2. Ways to enhance the quality, utility, and clarity of the information to be collected; ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

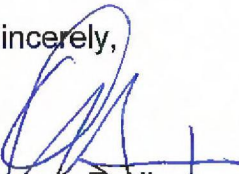
Between the CFPB's open banking rule, FinCEN's beneficial ownership rule, and all the other various federal agencies, there should be some method for allowing customers to identify themselves and be authorized by a federal source before coming into a bank to open an account. At the very least, there should be a government-run resource for banks to use to meet their CIP obligations. The CIP obligations on banks are inefficient and duplicative.

3. Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

IBC employs eight full time employees just to manage its CIP obligations. These employees cost roughly \$240,000 per year. This is to say nothing of the cost of operations, facilities, workers, legal counsel, compliance employees, and other stakeholders needed to implement, maintain, and oversee the CIP. Moreover, IBC uses software licensed from a vendor to assist in identifying customer which costs \$40,000 per year. IBC also has to lease sufficient server space (and license software to appropriately securely store such information) to meet the document retention requirements of the CIP rule. These costs are not nominal, and FinCEN's burden estimate vastly underestimates the time, resources, and money needed to comply with the CIP rule.

Thank you for the opportunity to share IBC's views on these matters.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dennis E. Nixon", with a stylized flourish at the end.

Dennis E. Nixon
President and CEO
International Bancshares Corporation