



**National Association
of Federal Credit Unions**
3138 10th Street North
Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

April 1, 2016

Office of Regulatory Policy
Financial Crimes Enforcement Network
Department of Treasury
P.O. Box 39
Vienna, VA 22183

RE: Comments on Bank Secrecy Act Currency Transaction Report Revised Layouts and
Proposed Additional Data Fields

Dear Sir or Madam:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally insured credit unions, I am writing you in response to the Notice and Request for Comments on the proposed changes to the Currency Transaction Report (CTR) requirements under the Bank Secrecy Act (BSA). *See* 81 FR 5518 (Feb. 2, 2016). While NAFCU and our members appreciate the initiative of the Financial Crimes Enforcement Network (FinCEN) to propose these needed modernizing updates to the current CTR reporting process, we hope the agency will consider the unique challenges of credit unions across the country in adopting additional CTR reporting updates.

NAFCU acknowledges the importance of the BSA to assist in the prevention of tax evasion or money laundering as they pose risks to national security, however, BSA reporting requirements continue to be very burdensome to implement from a compliance standpoint. NAFCU urges FinCEN to consider methods to reduce compliance burdens and costs for the credit union industry within the statutory authority of the BSA.

General Comments on the Proposed CTR Changes

NAFCU appreciates FinCEN's willingness to review and modernize its current CTR process, which has not been updated since 2011. Over the years, NAFCU has heard from our members that a major hurdle in the BSA reporting process was an inability to report multiple transactions that occurred at different branch locations. In particular, many credit unions and other financial institutions have tried to identify when a customer is "structuring" a transaction to stay below the filing threshold at each branch location, however the current CTR file makes it difficult to report such transactions. NAFCU is pleased that FinCEN has addressed this issue by proposing to adjust Part III of the CTR to include a dollar amount for separate transaction locations as well as cash-in and cash-out fields. Additionally, NAFCU and our members greatly appreciate the

proposed changes to include shared branching locations to more easily identify transactions that meet the \$10,000 threshold for reporting. This will also allow credit unions to modernize their existing reporting systems to function enterprise-wide, instead of by each branch location. However, due to the technical nature of these proposed changes, NAFCU urges FinCEN to work closely with industry core processing providers to develop standardized industry formatting that would help to reduce the burden on the credit union industry as modifications to the forms are implemented.

Additional Relief for Credit Unions and Smaller Financial Institutions

Credit unions are member owned, not for profit organizations that have the specified mission of meeting the credit and savings needs of its members. Because credit unions have a unique understanding of the banking services and needs of their member owners, they take their FinCEN BSA reporting obligations very seriously. However, we believe that FinCEN has the power to improve the efficiency of CTR filing for small to mid-sized credit unions across the country. The batch transaction reporting provides efficiencies for financial institutions that are eligible to use it, but because credit unions are generally smaller financial institutions they often do not meet the current threshold for batch reporting. Accordingly, NAFCU and our members urge FinCEN to consider lowering the current batch CTR reporting minimum to 20 eligible transactions instead of the current number of 50 transactions per month.

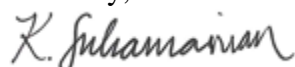
FinCEN Can Modernize and Streamline Data Fields

NAFCU appreciates that since the Bank Secrecy Act was adopted in 1970, technology has greatly expanded the ability of law enforcement to make use of CTR data. However, according to FinCEN there are still several data fields reported through the CTR process that is never accessed or used by law enforcement. As FinCEN is considering ways to streamline the CTR process, NAFCU urges FinCEN to identify which CTR data fields are useful for law enforcement and identify unused data fields. As information security and cybersecurity threats continue to evolve and threaten the financial sector, NAFCU believes that streamlined reporting for only the most useful data for law enforcement will help reduce threats to the security of customer data. Along the same lines, NAFCU believes that FinCEN should consider all of the information that they may need for law enforcement purposes during the initial CTR filing process and update the forms accordingly, since it is often cumbersome for credit unions to do follow-up or repeat transaction reports.

Conclusion

NAFCU appreciates the opportunity to share our thoughts on the proposed amendments to CTR reporting process. We look forward to continuing to work with FinCEN to address more ways that credit unions are able to efficiently and effectively meet their BSA reporting requirements. If you have any questions or concerns, please feel free to contact me at ksubramanian@nafc.org or (703) 842-2212.

Sincerely,



Kavitha Subramanian
Regulatory Affairs Counsel