



Innovative Payments Association

110 Chestnut Ridge Rd, Suite 111

Montvale, NJ 07645

btate@ipa.org

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Financial Crimes Enforcement Network
Policy Division
PO Box 39
Vienna, VA 22183

Re: RFI and Comment on Customer Identification Rule Taxpayer Identification Number
Collection Requirement
[Docket No. FinCEN-2024-0009]

To whom it may concern:

This letter is submitted to the U.S. Department of the Treasury, Financial Crimes Enforcement Network (the “**FinCEN**”) on behalf of the Innovative Payments Association (“**IPA**”),¹ in response to the Notice and Request for Information regarding the Customer Identification Program (“**CIP**”) Rule requirement for banks to collect a taxpayer identification number (“**TIN**”) from a customer who is a U.S. person prior to opening an account, which was published on March 29, 2024 a (the “**RFI**”).² The RFI seeks input from interested stakeholders regarding the CIP Rule’s requirement regarding the collection of a Social Security Number (“**SSN**”) prior to opening an account.

While much of FinCEN’s CIP Rule is risk based, it does require banks to collect and verify certain identifying information from prospective customers as part of the account opening process. As part of this identifying information, banks are required to obtain and verify an identification number, which, in the case of a U.S. person, is a taxpayer identification number.³ With respect to an individual, this generally requires collection and verification of the nine-digit SSN. FinCEN regulations include an important exception to this general rule for credit card accounts, where providers are allowed to obtain customer identifying information from a third-party source.⁴ As noted in the RFI, the rationale behind this exception stems from particular business practices of credit card providers, who often open accounts remotely in non-face-to-face settings and whose customers may be reluctant to share full SSN in such settings out of a concern for privacy and security.

For purposes of the RFI, of particular interest to FinCEN, and our members, is the potential to expand the ability of banks to collect identifying information of customers from third-party sources outside

¹ The IPA is a trade organization that serves as the leading voice of the electronic payments sector, including prepaid products, mobile wallets, and person-to-person (P2P) technology for consumers, businesses and governments at all levels. The IPA’s goal is to encourage efficient use of electronic payments, cultivate financial inclusion through educating and empowering consumers, represent the industry before legislative and regulatory bodies, and provide thought leadership. The comments made in this letter do not necessarily represent the position of all members of the IPA.

² 89 Fed. Reg. 22231 (March 29, 2024).

³ 31 CFR § 1020.220(a)(2)(i)(A)(4)(i).

⁴ *Id.* § 1020.220(a)(2)(i)(C).



of the realm of credit card providers. We note that in the time period since FinCEN’s CIP Rule was first issued in 2003, there has been significant advances in technology used in connection with financial services products, as well as world events, that have had a substantial impact on the way customers’ access and obtain financial services. In particular, the proliferation of mobile devices as well as the aftermath of the Covid 19 pandemic has greatly expanded the number of persons that acquire and utilize financial services in non-face-to-face settings. As such non-face-to-face interactions have expanded, so to have concerns over security and privacy as the number of data breaches and attempted data breaches have similarly grown. Due to these advances and concerns, the rationale underpinning the exception in the CIP Rule for credit card providers now applies to banks and financial service providers more broadly. As such, we believe it could be beneficial to extend the exception and allow providers to collect customer identifying information from trusted third-party sources.

Moreover, modifying the exception to explicitly apply to bank services more broadly could help to clarify the record and ensure that all banks, regardless of their prudential regulator, operate on a level playing field. In particular, we note that today, based on a prior interpretive letter issued by the Office of the Comptroller of the Currency (“OCC”) in December 2020,⁵ banks whose prudential regulator is the OCC may collect SSN digits from a third-party source for verification prior to account opening as opposed to collecting such information directly from the customer. We understand, however, that requests for similar treatment made to the Federal Deposit Insurance Corporation (“FDIC”), have been rejected, despite the FDIC’s awareness of the OCC’s guidance. Such a result is harmful to the financial services sector as it creates an unequal playing field for financial institutions who may operate under more or less stringent rules based solely on interpretations of FinCEN regulations made by their prudential regulators. We therefore urge FinCEN to clarify its regulations to explicitly allow financial institutions to rely on trusted third-parties for the collection and verification of customers’ identifying information in order to ensure that financial institutions operate on the same footing.

⁵ OCC Interpretive Letter 1175, Dec. 2020, available at <https://www.occ.gov/topics/charters-and-licensing/interpretations-and-actions/2020/int1175.pdf>. In the letter, the OCC granted an exemption asked for by an applicant to allow it to collect partial TIN at account opening directly from a customer and then collect / verify the full TIN from a third party source during the account opening process.

The rationale in the opinion was particularly notable in that the OCC expressly notified FinCEN of the request and considered its comments in making its response, ultimately concluding that –

“The resulting banking practices will not be contrary to generally accepted standards of prudent banking operation and will not give rise to abnormal risk of loss or damage to an institution, its shareholders, or the agencies administering the insurance funds. The request letter represents that the modified CIP process will not pose additional risk to the banking system and presents limited risk of fraud because [applicant, in addition to information collected from customers, uses additional technological processes, i.e., non-personal information and multi-factor verification, to ensure its customers’ identity.”

In essence, collecting partial vs full TIN at account opening does not, according to the OCC, present a material increase in the risk of money laundering (and is consistent with prudent banking operations) where one collects and verifies the full TIN prior to opening the account, collect the other required pieces of information (name, DOB, address) directly from the customer, and uses additional technological processes to ensure the customer’s identity.



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The IPA appreciates your consideration of these comments. If you have any questions or wish to discuss this letter, please do not hesitate to contact me at: btate@ipa.org.

Sincerely,

Brian Tate
President and CEO
IPA
btate@ipa.org

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