



**America's  
Credit Unions**

May 28, 2024

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

**RE: Request for Comment Regarding Customer Identification Program Rule  
Taxpayer Identification Number Collection Requirement (Docket Number  
FINCEN-2024-0009)**

Dear Sir or Madam:

On behalf of America's Credit Unions, I am writing in response to the Financial Crimes Enforcement Network's (FinCEN) request for comment (RFC) related to the Taxpayer Identification Number (TIN) collection requirement under the Customer Identification Program (CIP) Rule.<sup>1</sup> America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their over 142 million members nationwide. As detailed below, at this time, we do not support amending the CIP Rule to allow for the partial collection of the social security number (SSN) for identity verification purposes. In addition, outside the context of the SSN, we ask FinCEN to consider allowing greater use of third parties under the CIP Rule.

**America's Credit Unions Supports FinCEN's Objective**

America's Credit Unions strongly supports FinCEN's efforts to track and investigate financial crimes involving money laundering and terrorist financing. Credit unions are not-for-profit financial cooperatives with a statutory mission to promote thrift and provide access to credit for provident purposes. Unlike other financial institutions, credit unions do not issue stock or pay dividends to outside stockholders. Instead, earnings are returned to members in the form of lower interest rates on loans, higher dividends on deposits, and lower fees. Credit unions exist only to serve their members, and as a result, credit unions' interest in their members' financial well-being and advancing the communities they serve takes on paramount importance.

Compliance with anti-money laundering and countering the financing of terrorism (AML/CFT) rules and regulations is expensive and places a tremendous burden on credit unions. While larger banks and non-bank mortgage lenders can afford to absorb the significant regulatory and compliance costs from the AML/CFT framework, these rules have made it significantly more difficult for credit unions to provide the affordable financial services credit union members

---

<sup>1</sup> Request for Information and Comment on Customer Identification Program Rule Taxpayer Identification Number Collection Requirement, 89 Fed. Reg. 22,231 (Mar. 29, 2024).

depend on and deserve. The burden on credit unions is amplified by the fact that 45 percent of credit unions have fewer than ten employees.<sup>2</sup>

### **Taxpayer Identification Number Collection Requirement**

The CIP Rule requires credit unions (and other financial institutions) to, as part of their AML program, implement a written CIP that includes identity verification procedures to enable the financial institution to form a reasonable belief that it knows the true identity of its customers.<sup>3</sup> These procedures must specify the customer identifying information to be collected from each customer, including the customer's name, date of birth, address, and identification number, which for U.S. persons is their TIN. The CIP Rule requires a financial institution to collect from the customer their full SSN to fulfill the TIN requirement. Further, the Rule requires certain identifying information be collected directly from the customer prior to account opening, with the exception of credit card accounts.<sup>4</sup>

As provided in the RFC, FinCEN is aware that, since the CIP Rule was adopted in 2003, there has been innovation in the way that customers interact with financial institutions and receive financial services, as well as innovation in the customer identifying information collection and verification tools available to financial institutions. FinCEN noted, as an example, that some financial institutions now partner with non-bank financial institutions (*e.g.*, fintechs) on new financial products and services, such as buy-now-pay-later loans. FinCEN is seeking input regarding the CIP Rule's SSN collection requirement, including potentially allowing financial institutions to collect a partial SSN from the customer (*e.g.*, the last four numbers) and then using a third-party to collect the full SSN.

While we appreciate FinCEN's consideration of technological advancements, including with regard to the methods by which financial institutions verify customer identification, we are concerned that modifying the current process to allow for collection of the full SSN from a third-party may present certain risks, without clear benefits. While we typically encourage regulatory changes that increase flexibility, we are also mindful that some changes could bring about increased risk, including in the area of consumer fraud, such as identity theft, as noted by FinCEN. Further, we are aware of concern among consumers regarding the sharing—and/or retrieval of—their SSN by third parties outside the direct supervision of their trusted credit union. Finally, while intended to increase efficiency, there is some concern that introducing an additional party to the process could in fact decrease efficiency and increase the workload for the financial institution in the SSN collection process.

---

<sup>2</sup> Specifically, as of year-end 2023, 2,106 of the 4,700 credit unions have fewer than ten employees, and 2,149 (46 percent) had fewer than ten FTEs.

<sup>3</sup> 31 CFR 1020.220.

<sup>4</sup> *Id.* at 1020.220(a)(2)(i)(B).

Therefore, at this time, we do not support the change to the CIP Rule as contemplated in the RFC.<sup>5</sup> We recognize there may be some value in updating the Rule's requirements to allow for collection of the full SSN from a third-party, such as allowing for strategic partnering with fintechs. However, the benefits of such an amendment currently appears to be limited, and it is unclear whether such a change would effectively increase accessibility to financial services for a broader population of individuals, as noted in the RFC.

With that said, there could be some value in possibly allowing financial institutions to utilize third-parties to collect other (non-SSN) customer-identifying information required by the CIP Rule directly from the customer. Some financial institutions, including credit unions, utilize third parties to verify the data collected from their customers to assess its accuracy, as well as review for potential fraud. Use of such third-party tools can decrease the amount of processing time required, while still complying with the regulatory requirements of the CIP Rule. Based on member feedback, we ask FinCEN to evaluate the appropriateness of expanding financial institutions' ability to rely on third parties (*e.g.*, fintechs) to collect and verify consumer data. Under such an approach, the financial institution would continue to be responsible for ensuring compliance with the customer verification requirements, as well as relevant data protection requirements. Allowing a financial institution to collect and verify customer information through a third-party would provide flexibility from the existing CIP Rule requirements, similar—though not identical—to flexibility offered for credit card accounts.<sup>6</sup> Such an approach could potentially allow credit unions and other financial institutions to reach more consumers in a more efficient, streamlined manner.

## Conclusion

America's Credit Unions appreciates the opportunity to comment on the RFC associated with the TIN collection requirement under the CIP rule. We would be happy to meet to discuss possible amendments to the CIP Rule to allow for greater use of third parties. Should you have any questions or require any additional information, please contact Luke Martone, Senior Director of Advocacy & Counsel at [LMartone@americascreditunions.org](mailto:LMartone@americascreditunions.org) or (202) 508-6743.

Sincerely,



Luke Martone  
Senior Director of Advocacy & Counsel

---

<sup>5</sup> We recognize allowing partial collection of the SSN would be voluntary. Regardless, our concerns related to risk remain.

<sup>6</sup> *Supra* note 4.