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Via electronic submission

April 20, 2018

Mr. Kenneth A. Blanco
Director
Financial Crimes Enforcement Network
P.O. Box 39
Vienna, VA 22183

Re: Compliance Date for Customer Due Diligence Rule

Dear Director Blanco,

The Independent Community Bankers of America (ICBA)¹ respectfully requests a delay of one year in the implementation of the Financial Crimes Enforcement Network (FinCEN) final customer due diligence rule (CDD rule),² issued on May 11, 2016. While ICBA appreciates the time that community banks were given to implement this complex data collection rule, unexpected developments and delays have come up, creating compliance challenges for community banks.

On April 3, 2018, approximately two years after the final rule was issued, FinCEN issued the long-awaited Frequently Asked Questions (FAQs) to assist banks in understanding the CDD rule. These FAQs address issues on acceptable means of identifying and verifying beneficial ownership information, collecting information for direct and indirect owners, and thresholds for identifying beneficial owners. Additionally, the FAQs provide information on the requirements for obtaining this information when multiple accounts are opened or accounts are renewed (e.g., certificates of deposit or loan renewal), as well as information on monitoring and updating customer information.

The FAQ information is an important factor in developing policies and procedures. Issuing FAQs approximately one month before the mandatory compliance date puts community banks and other institutions in the unfortunate position of fully reviewing and possibly revising their procedures and systems to conform to the new information provided in the FAQs.

¹ The Independent Community Bankers of America®, the nation's voice for nearly 5,700 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education, and high-quality products and services. With nearly 52,000 locations nationwide, community banks employ 760,000 Americans and hold \$4.9 trillion in assets, \$3.9 trillion in deposits, and \$3.3 trillion in loans to consumers, small businesses, and the agricultural community. For more information, visit ICBA's website at www.icba.org.

² 81 FR 29397

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Given that FinCEN took nearly two years to address some of the questions and ambiguities in the rule, it is clear this rule is complex and requires ample time, not only for developing adequate policies and procedures, but developing changes in the systems and testing the changes to ensure compliance as well as training employees on the updated procedures and systems. As such, we request that community banks be given additional time not only to implement changes to comply with the final rule, but to implement changes addressed in the recently issued FAQs.

Additionally, the FFIEC exam manual incorporating the new CDD rule has not yet been released. The FFIEC exam manual is critical for bankers to understand how examiners will examine banks in this area. Although the recently issued FAQs provide additional insight in how banks can comply with the CDD rule, there are still ambiguities in the rule that need to be clarified. Absent the exam manual, banks will not have the appropriate tools required to ensure full compliance with the new rule. Given the complexities of the rule, it appears the two-year timeline did not give the agencies adequate time to complete the exam manual and incorporate the CDD rule. Similarly, community banks need additional time to complete their preparations to ensure compliance.

It is community banks' responsibility to ensure they are compliant with any new regulatory requirements whether or not they use third parties to implement or assist in the implementation of any new rules. However, community banks are heavily reliant on their third-party vendors and depend on them to make appropriate changes to their systems for that to occur. As a result, community banks that are just getting system updates and patterns from their vendors will have little time to build out and test the updates to ensure the updates integrate and work with their systems. Additionally, only after a community bank updates its system and processes, can it train its staff on the new system. In practice, a community bank must wait until new fields are added and systems are upgraded before training front line staff on how to use the upgraded system. We therefore request that FinCEN give banks additional time to ensure their systems are working correctly.

For all of the aforementioned reasons, ICBA respectfully requests that FinCEN delay implementation of its new customer due diligence requirements for an additional year.

Sincerely,

Lilly Thomas
Senior Vice President and Senior Regulatory Counsel

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