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Via electronic submission

July 10, 2020

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

RE: Docket Number FINCEN-2020-0003; OMB Control Numbers: 1506-0004, 1506-0005, and 1506-0064.

Dear Sir or Madam:

The Independent Community Bankers of America (“ICBA”)¹ appreciates the opportunity to respond to the Financial Crimes Enforcement Network’s (“FinCEN”) request for comment on the proposed renewal, without change, of currently approved information collections relating to reports of transactions in currency.

Under Bank Secrecy Act (“BSA”) regulations, financial institutions are required to report transactions in currency of more than \$10,000 using FinCEN Report 112 (the currency transaction report, or CTR). Although no changes are proposed to the information collections themselves, ICBA believes it prudent to reiterate our previous position by advocating for the increase of the CTR threshold to \$30,000.

In today’s rapidly ever-changing world, it is imperative that financial institutions and law enforcement work together to combat and prevent financial crime, money laundering, and terrorist financing. Community bankers are committed to supporting balanced, effective measures that will prevent terrorists from using the financial system to fund their operations and

¹*The Independent Community Bankers of America® creates and promotes an environment where community banks flourish. With more than 50,000 locations nationwide, community banks constitute 99 percent of all banks, employ nearly 750,000 Americans and are the only physical banking presence in one in three U.S. counties. Holding more than \$5 trillion in assets, nearly \$4 trillion in deposits, and more than \$3.4 trillion in loans to consumers, small businesses and the agricultural community, community banks channel local deposits into the Main Streets and neighborhoods they serve, spurring job creation, fostering innovation and fueling their customers’ dreams in communities throughout America. ICBA 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.*

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prevent money launderers from hiding the proceeds of criminal activities. However, anti-money laundering/combatting the financing of terrorism and BSA compliance programs (collectively “AML/CFT”) consume a growing share of community banks’ scarce resources.

Since the inception of anti-money laundering laws in 1970 and anti-terrorist financing laws in 2001, the burdens placed on banks increasingly create an environment where financial institutions are essentially tasked with identifying, investigating, policing, and reporting potential criminal activity. Each year, community banks must invest more time, money and resources to combat this threat. Yet, community banks report that the current outdated framework is more of a robotic exercise of completing forms and strictly adhering to policies and procedures developed from regulatory requirements rather than making an impact in combating financial crime.

These regulations also diminish community banks’ ability to attract capital, support the financial needs of their customers, serve their communities, and contribute to their local economies. Additionally, many of them do not have dedicated legal and compliance departments and they have a smaller asset base over which to spread compliance costs.

Generally speaking, modernization and reform of the BSA will produce more useful information for law enforcement while alleviating one of the most significant and costly sources of community bank compliance burdens. Rather than having banks devote their resources to tasks that are inefficient or redundant, a more efficient and technologically advanced framework would better serve law enforcement and enable community banks to more effectively utilize their resources. BSA modernization, specifically currency transaction reporting, will free community bank resources to better serve customers and communities.

CTRs are intended to collect information for investigations in tax evasion, money laundering, terrorist financing, and other financial crimes. However, the overwhelming percentage of CTRs relate to ordinary business transactions, which create an enormous burden on financial institutions that is not commensurate with financial crime investigations. While the BSA provides banks with the ability to exempt certain customers from CTR reporting, these exemptions do not fully address the burden associated with an outdated threshold. Examples of processing burdens include the collection of information, aggregating thresholds from various branches, completing the CTR form with the information collected, verifying that the information is accurate prior to submission, sometimes by a second employee, monitoring, maintaining logs documenting submission, Board reporting, and external reviews and audits in preparation for exams. A higher threshold would reduce the processing burden, allowing staff to focus on real instances of structuring and produce more targeted, useful information for law enforcement.

Federal regulators have been working to identify areas in which burdens can be reduced while maintaining the effectiveness of the AML/CFT regime. Currency transaction reporting is one of those areas. As such, ICBA urges FinCEN to increase the CTR reporting threshold to reduce the burden the current and outdated threshold has on financial institutions.

ICBA appreciates the opportunity to provide comments in response to this request. If you have any questions, please do not hesitate to contact me at Rhonda.Thomas-Whitley@icba.org or (202) 659-8111.

Sincerely,

/s/

Rhonda Thomas-Whitley
Vice President and Regulatory Counsel