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June 23, 2026

The Honorable Scott Bessent  
Secretary  
U.S. Department of Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

The Honorable Kevin Hassett  
Director, National Economic Council  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

The Honorable Andrea Gacki  
Director  
Financial Crimes Enforcement Network  
U.S. Department of the Treasury  
P.O. Box 39  
Vienna, VA 22183

Dear Secretary Bessent, Director Hassett, and Director Gacki:

On behalf of the Independent Community Bankers of America (“ICBA”)<sup>1</sup> and the community banks we represent, I write to provide input on the Administration’s recently released executive order titled, *Restoring Integrity to America’s Financial System* (the “executive order” or “EO”),<sup>2</sup> and to request a meeting at your earliest convenience to discuss ICBA’s concerns and recommendations.

The executive order directs the Secretary of the Treasury to take three significant actions: within 60 days, issue an advisory to financial institutions on red flags and typologies of suspicious activity; within 90 days, propose changes to Bank Secrecy Act (“BSA”) implementing regulations intended to strengthen risk-based customer due diligence (“CDD”); and within 180 days, in consultation with the federal banking agencies, consider whether further changes to customer identification program (“CIP”) requirements are warranted.<sup>3</sup>

Community banks already maintain robust, risk-based BSA compliance programs designed to identify, monitor, and report suspicious activity in accordance with existing regulatory requirements. These

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<sup>1</sup> The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation’s community banks through effective advocacy, education, and innovation. As local and trusted sources of credit, America’s community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers’ financial goals and dreams. For more information, visit [icba.org](http://icba.org).

<sup>2</sup> Exec. Order No. 14406, *Restoring Integrity to America’s Financial System*, 91 Fed. Reg. 30479 (May 22, 2026).

<sup>3</sup> *Id.* at 30479–80.

established compliance measures are already effective, and no additional regulatory burdens are necessary.

Since February 2026, ICBA has engaged with senior staff at the U.S. Department of the Treasury, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Federal Reserve to raise serious concerns about the harm an executive order requiring banks to collect and verify citizenship information could impose on community banks, their customers, and the United States economy. Although we appreciate the refinements the executive order underwent subsequent to our engagement and the opportunity for additional input before implementation, significant concerns remain about the burdens and unintended consequences these directives could impose on community banks and the customers they serve. Those concerns are heightened because FinCEN is currently advancing a long-overdue modernization of AML/CFT program requirements through its current proposed rule,<sup>4</sup> while the OCC, FDIC, and National Credit Union Administration (“joint agencies”) have issued a concurrent proposal to align their AML/CFT requirements with FinCEN’s rulemaking.<sup>5</sup> Together, these proposals are intended to promote risk-based, reasonably designed programs; improve supervisory consistency; and reduce unnecessary burden.

Because that work is underway, ICBA urges the Administration and Treasury to ensure that any implementation of the executive order is narrowly tailored, coordinated through transparent regulatory processes, and fully aligned with the pending rulemakings and their shared modernization and burden-reduction objectives for community banks. The pending rulemakings provide the appropriate framework for refining risk-based AML/CFT, CDD, and supervisory obligations. Community banks are already executing risk-based BSA/AML programs to identify and report illicit activity, and the executive order should not divert those efforts toward duplicative, conflicting, or prescriptive mandates. Any EO-driven work should add value to these ongoing regulatory efforts and avoid creating uncertainty, operational burden, or supervisory inconsistency.

## **60 Days – Issue Advisory on Red Flags and Typologies**

Within 60 days, the executive order directs Treasury to issue an advisory describing red flags and typologies of suspicious activity associated with exploitation of the financial system. On June 5, 2026, Treasury took its first implementing action under that directive by issuing *FinCEN Advisory FIN-2026-A002* jointly with the FDIC, OCC, NCUA, and in coordination with the Internal Revenue Service.<sup>6</sup> Given the speed with which the advisory followed the executive order, we urge the Administration, Treasury, and the federal banking agencies to act promptly and consistently to ensure the advisory remains firmly grounded in a risk-based BSA/AML framework. Specifically, the advisory should be understood as a tool to help financial institutions identify genuinely suspicious conduct tied to payroll fraud, identity theft, tax evasion, and related illicit finance risks. Community banks already conduct risk-based monitoring and reporting for these types of illicit activity, and the advisory should support those existing processes. It should not be interpreted by examiners or institutions as a new mandate to collect citizenship information, treat the use of an Individual Taxpayer Identification Number (“ITIN”) as inherently

<sup>4</sup> Anti-Money Laundering and Countering the Financing of Terrorism Programs, 91 Fed. Reg. 18704 (Apr. 10, 2026) (to be codified at 31 C.F.R. pts. 1010, 1020–1030).

<sup>5</sup> Anti-Money Laundering and Countering the Financing of Terrorism Programs, 91 Fed. Reg. 18304 (proposed Apr. 10, 2026) (to be codified at 12 C.F.R. pts. 21326, and 748).

<sup>6</sup> Financial Crimes Enforcement Network, U.S. Dept. of the Treasury, FIN-2026-A002, *Advisory on Financial Activity Associated with Illicit Finance Risks Involving Payroll Fraud, Identity Theft, and Tax Evasion* (June 5, 2026).

suspicious, verify immigration or work-authorization status, make legal-status determinations, or impose blanket documentation requirements through guidance or supervisory expectations.

ICBA therefore strongly urges Treasury to implement and supervise the advisory in a manner that reinforces, not undermines, FinCEN's broader AML/CFT modernization effort. Preserving that approach is essential to ensuring community banks can focus compliance resources on meaningful suspicious activity monitoring and reporting, rather than being pushed into a prescriptive, one-size-fits-all obligation that would increase burden, disrupt customers, and expand CIP or CDD requirements outside the rulemaking process.

To provide clarity for supervised institutions, support targeted suspicious activity reporting, avoid unnecessary customer disruption and debanking risk, and keep supervisory expectations appropriately tailored for community banks, ICBA respectfully urges Treasury to:

- Make clear that the advisory addresses red flags and typologies of suspicious activity, rather than a blanket citizenship-verification mandate.
- Coordinate with the federal banking agencies so banks are not expected to make legal determinations about citizenship, immigration status, or work authorization.
- Avoid retroactive application and allow banks to rely on existing customer records and commonly accepted forms of identification, including where appropriate an ITIN, consistent with existing risk-based CIP and CDD procedures.

#### Potential Impact on ITIN Borrowers and Access to Responsible Credit

The executive order directs Treasury to describe red flags and typologies associated with the use of ITINs to obtain credit products. ITINs are commonly used for tax reporting and identification purposes, and community banks often accept ITINs as part of responsible, relationship-based banking and lending for customers who do not have or do not use a Social Security number. The use of an ITIN to apply for or obtain a lawful credit product should not, by itself, be treated as suspicious or as evidence of heightened risk. If examiners or institutions interpret the executive order or advisory to require heightened scrutiny of ITIN users, borrowers who otherwise demonstrate sound repayment capacity, adequate collateral, stable account relationships, and appropriate overall credit profiles could nevertheless be placed into a higher-risk lending category. That result would increase documentation and underwriting burdens, delay loan decisions, discourage lawful borrowers from seeking credit, and reduce access to mortgages, small-business loans, agricultural credit, and consumer credit in communities that rely on relationship-based community banking. It would also create uncertainty for lenders attempting to reconcile the executive order's reference to ITINs and credit products with existing fair-lending obligations, state-law protections, ability-to-repay considerations, and BSA/AML examination expectations. Treasury and the federal banking agencies should therefore explicitly state that ITIN use, standing alone, does not require or justify heightened lending-risk treatment, enhanced monitoring, adverse credit action, or denial of otherwise lawful access to banking and credit products.

#### 90 Days – Propose BSA Customer Due Diligence Changes

The executive order directs Treasury, in consultation with the federal functional financial regulators, to consider changes to applicable BSA regulations to strengthen risk-based CDD requirements for covered financial institutions. That work is already underway. FinCEN's pending AML/CFT proposed rule would modernize program requirements on a more risk-based, effective, and less burdensome

basis, while the concurrent joint agency proposed rule is expressly designed to align supervisory requirements with FinCEN's proposal. At the same time, FinCEN's recent beneficial ownership relief and updated CDD FAQs reflect that the agency is already taking steps to streamline beneficial ownership compliance and reduce unnecessary burden as part of that broader modernization effort. ICBA has long supported a practical, risk-based CDD framework that helps banks understand the nature and purpose of customer relationships, identify beneficial owners where appropriate, and detect and report suspicious activity, without imposing prescriptive, one-size-fits-all documentation mandates that are not tied to actual risk. Consistent with that position, Treasury's 90-day proposal should build on—not disrupt, duplicate, or undercut—these current efforts.

Accordingly, ICBA respectfully urges Treasury to preserve a risk-based CDD framework that supports effective due diligence, relationship-based banking, streamlined beneficial ownership compliance, and the continued ability of community banks to identify and report illicit activity without imposing prescriptive citizenship-documentation requirements that would be operationally impracticable for many community banks. Any contrary expectation—including treating the use of an ITIN as a proxy for heightened illicit finance risk—could cause banks to over-screen lawful customers, disrupt longstanding relationships, discourage account openings, and create unnecessary access barriers for workers, small businesses, and households that rely on community banks for safe and affordable financial services. Because FinCEN's pending AML/CFT proposal, the concurrent joint agency proposal designed to align with it, and FinCEN's recent beneficial ownership guidance are already advancing these objectives, any additional proposal should be carefully aligned with—and should build on, rather than conflict with, duplicate, or undercut—those ongoing reforms.

Consistent with that approach, ICBA recommends the following:

- Preserve a risk-based CDD framework and make clear that any proposed amendments should not require community banks to collect and verify citizenship documentation for all customers regardless of risk.
- Ensure that banks are not expected to make legal judgments about citizenship or immigration status or resolve ambiguous documentation questions.
- Avoid retroactive application to existing customers and permit reasonable reliance on existing customer records and commonly accepted forms of identification, including where appropriate an ITIN, particularly where customers do not possess passports, birth records, or other formal citizenship documents.
- Coordinate closely with the federal banking agencies before issuing any proposal so that supervisory expectations, examiner instructions, implementation timelines, and any safe harbors for good-faith compliance efforts are clear and consistent.

### **180 Days – Consider Potential Customer Identification Program Changes**

Within 180 days, the executive order directs Treasury, in consultation with the federal banking agencies, to consider whether further changes to customer identification program requirements are warranted, including whether foreign consular identification cards pose risks to the integrity of the United States financial system. This work is in process as part of a broader effort to modernize AML/CFT compliance on a more risk-based, effective, and less burdensome basis. Any review of CIP requirements should acknowledge that community banks already use risk-based customer identification, monitoring, and reporting practices to detect potential illicit activity. It should also preserve the ability of banks to accept and rely on existing customer identification information, including where

appropriate an Individual Taxpayer Identification Number, consistent with risk-based CIP procedures and without turning community banks into legal-status gatekeepers. As ICBA explained in its previous letter to Treasury, that review must also fully account for the practical challenges of citizenship collection, including that many customers may not possess passports, birth records, or other formal citizenship documents; bank personnel are not equipped to make legal judgments regarding citizenship or immigration status; and any rigid documentation framework could create significant customer confusion, access barriers, and disproportionate burdens for community banks and the communities they serve.

To ensure any future CIP recommendations remain risk-based, preserve access to banking services, and align with ongoing AML/CFT modernization efforts, Treasury should take the following steps:

- Recognize that existing CIP requirements are adequate to identify and verify a customer's identity and should not be expanded to require banks to collect and verify citizenship documents for all customers.
- Expressly convey that banks are not required nor expected to make legal judgments about citizenship or immigration status or resolve ambiguous documentation issues.
- Consult with community banks and the federal banking agencies before recommending any CIP changes.

### **Overall Compliance Burden Associated with the Executive Order**

Taken together, the executive order's 60-, 90-, and 180-day directives could impose significant cumulative compliance burdens on community banks if implemented through new documentation expectations, expanded customer review obligations, or inconsistent supervisory interpretations. Community banks already devote substantial personnel, technology, vendor, training, audit, and examiner-preparation resources to maintaining risk-based BSA/AML, CIP, CDD, beneficial ownership, sanctions screening, and suspicious activity monitoring programs. Adding new or unclear obligations tied to citizenship documentation or legal-status review would require changes to account-opening procedures, customer communications, core processing systems, recordkeeping practices, quality-control processes, and staff training—diverting limited compliance resources away from risk-based monitoring and reporting that more directly advances law-enforcement and national security objectives.

For smaller community banks, these burdens would be especially acute because compliance functions are often handled by lean teams that must manage multiple regulatory obligations simultaneously. Without clear limits, coordinated examiner guidance, and safe harbors for good-faith compliance, institutions may be forced to over-collect information, delay or restrict account access, or adopt defensive practices that are inconsistent with the Administration's stated objective of restoring integrity to the financial system. ICBA therefore urges Treasury and the federal banking agencies to ensure that any implementation of the executive order is narrowly tailored, fully coordinated with ongoing AML/CFT modernization efforts, and expressly designed to avoid duplicative, conflicting, or prescriptive obligations that would disproportionately burden community banks.

Community banks remain committed to supporting a safe and sound financial system and to working constructively with the Administration on practical, risk-based approaches that address illicit finance concerns without unnecessarily restricting access to banking services or imposing undue burdens on their institutions. They already devote substantial compliance resources to identifying, monitoring, and reporting suspicious activity based on risk, and any implementation of the executive order should

reinforce those efforts rather than divert them to prescriptive documentation exercises. Treasury should execute the directives in a manner that expressly acknowledges and aligns with FinCEN's AML/CFT modernization proposal, the related joint agency proposal, and recent beneficial ownership guidance, rather than undercutting them. Any implementing actions or recommendations should reinforce current efforts to promote risk-based compliance, operational feasibility, supervisory consistency, and meaningful burden reduction for community banks.

I appreciate your consideration and welcome continued dialogue with Treasury, the Administration, and the federal banking agencies to ensure implementation of the executive order is practical, coordinated, and responsive to the operational realities of community banks. Given the significance and urgency of these issues, I respectfully request a meeting at your earliest convenience to discuss ICBA's concerns and recommendations and to help ensure that any final action aligns with ongoing AML/CFT modernization efforts.

Sincerely,

/s/

Rebeca Romero Rainey  
President and CEO