



(BILLING CODE: 4810-02)

DEPARTMENT OF THE TREASURY

Financial Crimes Enforcement Network

Agency Information Collection Activities; Proposed Renewal; Comment Request; Renewal Without Change of the Customer Identification Program Regulatory Requirements for Certain Financial Institutions

AGENCY: Financial Crimes Enforcement Network (FinCEN), Treasury.

ACTION: Notice and request for comments.

SUMMARY: As part of its continuing effort to reduce paperwork and respondent burden, FinCEN invites comments on the proposed renewal, without change, of currently approved information collections found in existing Bank Secrecy Act regulations requiring banks, savings associations, credit unions, certain non-federally regulated banks, brokers or dealers in securities, mutual funds, futures commission merchants, and introducing brokers in commodities, to develop and implement customer identification programs designed to allow the financial institution to form a reasonable belief it knows the true identity of each customer. Although no changes are proposed to the information collections themselves, this request covers a future expansion of the scope of the annual burden and cost estimates associated with these regulations. This request for comments is made pursuant to the Paperwork Reduction Act of 1995.

DATES: Written comments are welcome, and must be received on or before [INSERT DATE 60 DAYS AFTER THE DATE OF PUBLICATION OF THIS DOCUMENT IN THE *FEDERAL REGISTER*.]

ADDRESSES: Comments may be submitted by any of the following methods:

- Federal E-rulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments. Refer to Docket Number FINCEN-2020-0010 and the specific Office of Management and Budget (OMB) control numbers 1506-0022, 1506-0026, 1506-0033, and 1506-0034.

- Mail: Policy Division, Financial Crimes Enforcement Network, P.O. Box 39, Vienna, VA 22183. Refer to Docket Number FINCEN-2020-0010 and OMB control numbers 1506-0022, 1506-0026, 1506-0033, and 1506-0034.

Please submit comments by one method only. Comments will also be incorporated into FinCEN's review of existing regulations, as provided by Treasury's 2011 Plan for Retrospective Analysis of Existing Rules. All comments submitted in response to this notice will become a matter of public record. Therefore, you should submit only information that you wish to make publicly available.

FOR FURTHER INFORMATION CONTACT: The FinCEN Regulatory Support Section at 1-800-767-2825 or electronically at frc@fincen.gov.

SUPPLEMENTARY INFORMATION:

I. Statutory and Regulatory Provisions

The legislative framework generally referred to as the Bank Secrecy Act (BSA) consists of the Currency and Financial Transactions Reporting Act of 1970, as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act) (Public Law 107–56) and other legislation. The BSA is codified at 12 U.S.C. 1829b, 12 U.S.C. 1951–1959, 31 U.S.C. 5311–5314 and 5316–5332, and notes thereto, with implementing regulations at 31 CFR Chapter X.

The BSA authorizes the Secretary of the Treasury, *inter alia*, to require financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters, or in the conduct of intelligence or counter-intelligence activities, to protect against international terrorism, and to implement anti-money laundering (AML) programs and compliance procedures.¹ Regulations implementing Title II of the BSA appear at 31 CFR Chapter X. The authority of the Secretary to administer the BSA has been delegated to the Director of FinCEN.²

31 U.S.C. 5318(l) requires FinCEN to issue regulations prescribing minimum standards for customer identification programs (CIP) for financial institutions.³ Regulations implementing section 5318(l) are as follows: (i) banks, savings associations, credit unions, and certain non-federally regulated banks (31 CFR 1020.220); (ii) brokers or dealers in securities (31 CFR 1023.220); (iii) mutual funds (31 CFR 1024.220); and (iv) futures commission merchants and introducing brokers in commodities (31 CFR 1026.220).

II. Paperwork Reduction Act of 1995 (PRA)⁴

Title: Customer identification programs (CIP) for certain financial institutions (31 CFR 1020.220, 1023.220, 1024.220, and 1026.220).

¹ Section 358 of the USA PATRIOT Act added language expanding the scope of the BSA to intelligence or counter-intelligence activities to protect against international terrorism.

² Treasury Order 180-01 (re-affirmed Jan. 14, 2020).

³ Section 5318(l)(2) prescribes that the regulations, at a minimum, require financial institutions to implement reasonable procedures for: (1) verifying the identity of any person seeking to open an account, to the extent reasonable and practicable; (2) maintaining records of the information used to verify the person's identity, including name, address, and other identifying information; and (3) determining whether the person appears on any lists of known or suspected terrorists or terrorist organizations provided to the financial institution by any government agency. Section 5318(l)(3) further directed that the regulations take into consideration the types of accounts maintained by financial institutions, the methods of opening accounts, and the types of identifying information available.

⁴ Public Law 104-13, 44 U.S.C. 3506(c)(2)(A).

OMB Control Numbers: 1506-0022, 1506-0026, 1506-0033, and 1506-0034.⁵

Report Number: Not applicable.

Abstract: FinCEN is issuing this notice to renew the OMB control numbers for the CIP regulatory requirements for certain financial institutions.

Affected Public: Businesses or other for-profit institutions, and non-profit institutions.

Type of Review:

- Renewal without change of currently approved information collections.
- Propose for review and comment a renewal of the portion of the PRA burden that has been subject to notice and comment in the past (the “traditional annual PRA burden”).
- Propose for review and comment a future expansion of the scope of the PRA burden (the “supplemental annual PRA burden”).

Frequency: As required.

Estimated Number of Respondents: 16,938 financial institutions.⁶

Estimated Recordkeeping Burden:

In Part 1 of this notice, FinCEN describes the breakdown of the estimated number of financial institutions, by type, and for certain financial institutions, the estimated number of new accounts opened per year. In addition, Part 1 describes the primary characteristics of covered financial institutions’ CIP requirements.⁷ In Part 2, FinCEN

⁵ The CIP regulatory requirements are currently covered under the following OMB control numbers: 1506-0022 (31 CFR 1026.220 – Customer identification programs for futures commission merchants and introducing brokers); 1506-0026 (31 CFR 1020.220 – Customer identification programs for banks, savings associations, credit unions, and certain non-federally regulated banks); 1506-0033 (31 CFR 1024.220 – Customer identification programs for mutual funds); and 1506-0034 (31 CFR 1023.220 – Customer identification programs for brokers or dealers in securities).

⁶ Table 1 below sets forth a breakdown of the types of financial institutions covered by this notice.

⁷ The term “covered financial institution” applies to all financial institutions with a CIP regulatory requirement namely banks, savings associations, credit unions, certain non-federally regulated banks,

proposes for review and comment a renewal of the estimate of the traditional annual PRA hourly burden, which includes a scope and methodology similar to that used in the past, with the incorporation of cost estimates. The scope and methodology used in the past differed according to the type of covered financial institution. In Part 3, FinCEN proposes for review and comment a methodology to estimate the hourly burden and cost of a future estimate of a supplemental annual PRA burden that includes the full scope of CIP requirements for all covered financial institutions. Finally, in Part 4, FinCEN solicits input from the public about: (a) the accuracy of the estimate of the traditional annual PRA burden; (b) the method proposed for the calculation of a future supplemental annual PRA burden; (c) the criteria, metrics, and most appropriate questions FinCEN should consider when researching the information to estimate the future supplemental annual PRA burden, according to the methodology proposed; and (d) any other comments about the regulations and the proposed current and future hourly burden and cost estimates of these requirements.

Part 1. Breakdown of the financial institutions and transactions covered by this notice

The breakdown of financial institutions and transactions, by type, covered by this notice is reflected in Table 1 below:

Table 1. Breakdown of financial institutions and transactions covered by this notice, by type of institution

Type of financial institution	Estimated number of annual responses	
	Number of financial institutions	Number of new accounts opened
Banks	10,542 ⁸	Information not available

brokers or dealers in securities, mutual funds, futures commission merchants, and introducing brokers in commodities.

	Estimated number of annual responses	
Brokers or dealers in securities	3,640 ⁹	9,000,000 ¹⁰
Futures commission merchants	61 ¹¹	Information not available
Introducing brokers in commodities	1,104 ¹²	Information not available
Mutual funds	1,591 ¹³	20,000,000 ¹⁴
Totals	16,938	29,000,000

All covered financial institutions are required to implement CIPs appropriate for their size and type of business. The CIP must include at minimum the following five requirements:

- (1) Written CIP (if a financial institution is required to have an AML program,¹⁵ the CIP must be part of the written AML program);¹⁶
- (2) Identity verification procedures (risk-based procedures for verifying the identity of each customer to the extent reasonable and practicable);¹⁷

⁸ According to the Federal Deposit Insurance Corporation (FDIC) there were 5,103 FDIC-insured banks as of March 31, 2020. According to the Federal Reserve Board (FRB), there were 203 other entities supervised by the FRB, as of June 16, 2020, that fall within the definition of bank. (20 Edge Act institutions, 15 agreement corporations, and 168 foreign banking organizations). According to the National Credit Union Administration there were 5,236 federally regulated credit unions as of December 31, 2019.

⁹ According to the Securities and Exchange Commission (SEC), there were 3,640 brokers or dealers in securities registered with the SEC, as of March 31, 2020.

¹⁰ According to the SEC, there were approximately 9,000,000 new accounts opened by broker or dealers in securities in 2017, based on forms filed with the SEC. The SEC provided this estimate to FinCEN for the last renewal of OMB control number 1506-0034 (83 FR 46012, Sept. 11, 2018). FinCEN was unable to obtain a more recent estimate.

¹¹ According to the Commodities and Futures Trading Commission (CFTC), there were 61 futures commission merchants registered with the CFTC, as of March 31, 2020.

¹² According to the CFTC, there were 1,104 introducing brokers in commodities registered with the CFTC as of March 31, 2020.

¹³ According to the SEC, there were approximately 1,591 mutual funds in 2017, based on forms filed with the SEC. The SEC provided the estimate to FinCEN for the last renewal of OMB control number 1506-0033, 83 FR 46012 (Sept. 11, 2018). FinCEN was unable to obtain a more recent estimate.

¹⁴ According to the SEC, there were approximately 20,000,000 new mutual fund accounts opened in 2017. The SEC provided this estimate to FinCEN for the last renewal of OMB control number 1506-0033, 83 FR 46012 (Sept. 11, 2018). FinCEN was unable to obtain a more recent estimate.

¹⁵ 31 CFR 1020.210; 1023.210; 1024.210; and 1026.210.

¹⁶ 31 CFR 1020.220(a)(1); 1023.220(a)(1); 1024.220(a)(1); and 1026.220(a)(1).

¹⁷ 31 CFR 1020.220(a)(2); 1023.220(a)(2); 1024.220(a)(2); and 1026.220(a)(2).

- (3) Recordkeeping (procedures for making and maintaining a record of all information obtained under the CIP requirements);¹⁸
- (4) Consultation of government lists (procedures to determine whether the customer appears on any list of known or suspected terrorists or terrorist organizations issued by any Federal government agency, and designated as such by Treasury in consultation with the Federal functional regulators);¹⁹ and
- (5) Customer notice (procedures for providing bank customers with adequate notice that the bank is requesting information to verify their identities).²⁰

The CIP may also include procedures specifying when a financial institution may rely on another financial institution to perform any of the financial institution's CIP procedures, provided certain conditions are met.²¹

Part 2. Traditional annual PRA burden and cost

In the past, the scope of the traditional annual PRA burden estimates of the CIP differed according to the type of financial institution involved:

- a) For *banks, futures commission merchants, and introducing brokers in commodities*, due to the practical challenges of obtaining the total number of new accounts opened per year, the estimate was limited to the annual hourly burden of maintaining and updating the written CIP, and providing customers with adequate notice that the financial institution was requesting information to verify their identities. The estimate did not take into account the hourly burden of

¹⁸ 31 CFR 1020.220(a)(3); 1023.220(a)(3); 1024.220(a)(3); and 1026.220(a)(3).

¹⁹ 31 CFR 1020.220(a)(4); 1023.220(a)(4); 1024.220(a)(4); and 1026.220(a)(4).

²⁰ 31 CFR 1020.220(a)(5); 1023.220(a)(5); 1024.220(a)(5); and 1026.220(a)(5).

²¹ 31 CFR 1020.220(a)(6); 1023.220(a)(6); 1024.220(a)(6); and 1026.220(a)(6).

implementing the other CIP requirements (i.e., verification and recordkeeping requirements, and consulting government lists).

- b) For *brokers or dealers in securities and mutual funds*, where FinCEN obtained the approximate numbers of new accounts opened per year, the estimate took into consideration the annual hourly burden to implement the CIP requirements for all new customers, which included identity verification, recordkeeping, and consulting government lists. The estimate did not take into account the hourly burden of maintaining and updating the written CIP or customer notification of CIP requirements.

For purposes of this renewal and the associated estimate of the traditional annual PRA burden, FinCEN is making the following assumptions:

- a) For *banks, futures commission merchants, and introducing brokers in commodities*:
- i. FinCEN continues estimating the annual hourly burden of maintaining and updating the CIP at ten hours per financial institution. This estimate covers: (a) the hourly burden of updating the CIP to take into consideration any regulatory changes and any modifications required as a result of a financial institution making changes to the type of accounts maintained, the methods used to open accounts, and the types of documentary or non-documentary methods for verifying identifying information the financial institution intends to use; and (b) presenting the updated CIP to the appropriate level of management within the financial institution for approval.

- ii. FinCEN continues estimating the hourly burden of providing customers with notification of the CIP at one hour annually per financial institution.

b) For *brokers or dealers in securities and mutual funds*:

- i. FinCEN continues estimating the hourly burden of obtaining and verifying a customer's identity (i.e., verification and recordkeeping requirements, and consulting government lists) at two minutes per new account opened.
- ii. FinCEN is also incorporating the annual hourly burden of maintaining and updating the CIP at ten hours per financial institution. This estimate covers: (a) the hourly burden of updating the CIP to take into consideration any regulatory changes and any modifications required as a result of a financial institution making changes to the type of accounts maintained, the methods used to open accounts, and the types of documentary or non-documentary methods for verifying identifying information the financial institution intends to use; and (b) presenting the updated CIP to the appropriate level of management within the financial institution for approval.
- iii. In addition, FinCEN is incorporating an estimate of the hourly burden of providing customers with notification of the CIP at one hour annually per financial institution.

Under these assumptions, FinCEN's estimate of the traditional annual PRA burden is 1,152,985 hours, as detailed in Tables 2 and 3.²²

²² The total estimate of the traditional annual PRA burden is the summation of the total hourly burden of CIP maintenance (169,380), notification (16,938) and implementation (966,667) as set out in Table 1 and 2.

Table 2 – Hourly burden associated with maintaining and updating the CIP and customer notification for all covered financial institutions

Type of financial institution	Number of financial institutions ²³	Time per financial institution		Total hourly burden	
		Maintenance	Notification	Maintenance	Notification
Banks	10,542	10 hours	1 hour	105,420	10,542
Futures commission merchants	61	10 hours	1 hour	610	61
Introducing brokers in commodities	1,104	10 hours	1 hour	11,040	1,104
Brokers or dealers in securities	3,640	10 hours	1 hour	36,400	3,640
Mutual funds	1,591	10 hours	1 hour	15,910	1,591
Totals	16,938			169,380	16,938

Table 3 – Hourly burden associated with implementation of the identity verification, recordkeeping, and consulting government lists requirements for brokers or dealers in securities and mutual funds

Type of financial institution	Number of financial institutions ²⁴	New accounts per year	Time per new account	Total hourly burden *
Brokers or dealers in securities	3,640	9,000,000	2 minutes	300,000
Mutual funds	1,591	20,000,000	2 minutes	666,667
Totals	5,231			966,667

* New accounts per year times two minutes, divided by 60 minutes per hour

To calculate the hourly burden estimates in this notice, FinCEN identified four roles and corresponding staff positions involved in maintaining and implementing the CIP: (i) general oversight (board of directors and /or senior management); (ii) general supervision (providing process oversight); (iii) direct supervision (reviewing operational-level work and cross-checking all or a sample of the work product against supporting

²³ As set out in Table 1 above.

²⁴ As set out in Table 1 above.

documentation); and (iv) clerical work (engaging in research and administrative review, and recordkeeping).

FinCEN calculated the fully-loaded hourly wage for each of these four roles by taking the median wage as estimated by the U.S. Bureau of Labor Statistics (BLS), and computing an additional benefits cost as follows:²⁵

Table 4. Fully-loaded hourly wage by role and BLS job position for all financial institutions covered by this notice

Role	BLS-Code	BLS-Name	Median hourly wage	Benefit factor	Fully-loaded hourly wage
Board of directors/senior management	11-1010	Chief Executive	\$88.68	1.50	\$133.02*
General supervision	11-3031	Financial Manager	\$62.45	1.50	\$93.68
Direct supervision	13-1041	Compliance Officer	\$33.20	1.50	\$49.80
Clerical work (research, review, and recordkeeping)	43-3099	Financial Clerk	\$20.40	1.50	\$30.60

* \$133.20 rounded to \$133.00

FinCEN estimates that, *in general and on average*,²⁶ each role would spend different amounts of time on each portion of the traditional annual PRA burden, as follows:

a) For annually maintaining and updating the CIP, estimated at ten hours per *covered financial institution*, the cost of each hour of burden would be broken down as

follows: (i) one burden hour at \$133.00, representing the cost of board of directors or

²⁵ The U.S. Bureau of Labor Statistics, Occupational Employment Statistics-National, May 2019, available at <https://www.bls.gov/oes/tables.htm>. The most recent data from the BLS corresponds to May 2019. For the benefits component of total compensation, see U.S. Bureau of Labor Statistics, Employer's Cost per Employee Compensation as of December 2019, available at <https://www.bls.gov/news.release/ecec.nr0.htm>. The ratio between benefits and wages for financial activities, credit intermediation and related activities is \$15.95 (hourly benefits)/\$32.05 (hourly wages) = 0.50. The benefit factor is 1 plus the benefit/wages ratio, or 1.50. Multiplying each hourly wage by the benefit factor produces the fully-loaded hourly wage per position.

²⁶ By "in general," FinCEN means without regard to outliers (e.g., financial institutions with CIPs with complexities that are uncommonly higher or lower than those of the population at large). By "on average," FinCEN means the mean of the distribution of each subset of the population.

senior management review and approval, and (ii) nine hours of work by other staff, averaging \$48.00, as set out in Table 5 below:

Table 5. Weighted average hourly cost of maintaining and updating the CIP and obtaining board approval for all covered financial institutions

General supervision		Direct supervision		Clerical work (case review)		Weighted average hourly cost
%time	Hourly cost	%time	Hourly cost	%time	Hourly cost	
10%	\$9.37	60%	\$29.88	30%	\$9.18	\$48.00*

*\$48.43 rounded to \$48.00

b) For providing customers notification of the CIP, estimated at one hour per *covered financial institution*, the cost of each hour of burden would be \$32.00, as set out in

Table 6 below:

Table 6. Weighted average hourly cost of providing customer notification of CIP for all covered financial institutions

General supervision		Direct supervision		Clerical work (case review)		Weighted average hourly cost
%time	Hourly cost	%time	Hourly cost	%time	Hourly cost	
0%	\$0.00	5%	\$2.49	95%	\$29.07	\$32.00*

*\$31.56 rounded to \$32.00

c) For obtaining and verifying customers' identification information for purposes of implementing CIP, estimated at two minutes per account, per *broker or dealer in securities or mutual fund*, the cost of each hour of burden would be \$33.00, as reflected in Table 7 below:

Table 7. Weighted average hourly cost of obtaining and verifying customers' identifying information for brokers or dealers in securities and mutual funds

General supervision		Direct supervision		Clerical work (case review)		Weighted average hourly cost
%time	Hourly cost	%time	Hourly cost	%time	Hourly cost	
1%	\$0.94	9%	\$4.48	90%	\$27.54	\$33.00*

*\$32.96 rounded to \$33.00

The total estimated cost of the traditional annual PRA burden is \$42,011,997, as reflected in Table 8 below:

Table 8 – Total cost of traditional annual PRA burden

Task	Total burden		Hourly cost		Total cost
	Hours	Source	\$	Source	
Board of directors/senior management approval of CIP	16,938*	Table 2	\$133.00	Table 4	\$2,252,754
Maintaining and updating the CIP	152,442*	Table 2	\$48.00	Table 5	\$7,317,216
Customer notification of CIP	16,938	Table 2	\$32.00	Table 6	\$542,016
Implementing the CIP (identifying and verifying customer information, maintain records, and consulting government lists)	966,667	Table 3	\$33.00	Table 7	\$31,900,011
Totals	1,152,985				\$42,011,997

*As explained in item (a) above, the ten hours required for maintaining and updating a written CIP is broken down as follows: one hour per covered financial institution for senior management approval of the written CIP (16,938 covered financial institutions multiplied by one hour equals 16,938 hours in total) at \$133.00 an hour; and nine hours per covered financial institution for maintaining and updating the written CIP (16,938 multiplied by nine hours equals 152,442 hours in total) at \$48.00 an hour.

Part 3. Supplemental annual PRA burden

In the future, FinCEN intends to add a supplemental annual PRA burden calculation for the CIP and apply the same scope and criteria for estimating annual PRA burden and cost to all covered financial institutions. For *banks, futures commission merchants, and introducing brokers in commodities*, the calculation of the future supplemental annual PRA burden will include adding an annual hourly burden and cost estimate reflecting the work involved in: verifying the identity of each customer; making and maintaining a record of all information obtained under the CIP; and determining whether a new customer appears on any list of known or suspected terrorist organizations issued by any Federal government agency.

FinCEN does not have the necessary information to provide a tentative estimate of these supplemental annual PRA hourly burdens and costs within the current notice.

FinCEN also recognizes that it does not have all the necessary information to precisely

estimate the traditional annual PRA burden. For that reason, FinCEN is relying on estimates used in prior renewals of OMB control numbers and applicable regulations. FinCEN further recognizes that after receiving public comments, the hourly burden and cost estimates for the traditional annual PRA burden may vary significantly. FinCEN intends to conduct more granular studies of the actions included in the proposed scope of a supplemental annual PRA burden in the near future, to arrive at more precise estimates of net BSA hourly burden and cost.²⁷ The data obtained in these studies also may result in a significant variation of the estimated traditional annual PRA hourly burden.

Estimated Recordkeeping Burden: Due to differences in the availability of information, resulting in differences in scope and criteria used to calculate the burden estimates, the average estimated annual PRA burden, measured in hours per respondent, is (a) 11 hours for *all covered financial institutions* to comply with the CIP maintenance and notice requirements (i.e., ten hours for maintenance, and one hour for notice per financial institution, as set out in Table 2), and (b) 185 hours for *brokers and dealers in securities and mutual funds* to comply with the CIP verification, recordkeeping, and consulting government lists requirements (i.e., the result of dividing the total number of burden hours (966,667) by the total number of financial institutions (5,231), as set out in Table 3).

Estimated Number of Respondents: 16,938, as set out in Table 1.

²⁷ Net hourly burden and cost are the burden and cost a financial institution incurs to comply with requirements that are unique to the BSA, and that do not support any other business purpose or regulatory obligation of the financial institution. Burden for purposes of the PRA does not include the time and financial resources needed to comply with an information collection if the time and resources are for things a business (or other person) does in the ordinary course of its activities if the agency demonstrates that the reporting activities needed to comply are usual and customary. 5 CFR 1320.3(b)(2)

Estimated Total Annual Responses: Due to the *different* scope and criteria used for the estimates, the estimates are (a) 16,938 for *all covered financial institutions*; and (b) 29,000,000 new accounts added per year by *brokers or dealers in securities, and mutual funds*.

Estimated Total Annual Recordkeeping Burden: The estimated total annual PRA burden is 1,152,985 hours, as set out in Tables 2 and 3.

Estimated Total Annual Recordkeeping Cost: The estimated total annual PRA cost is \$42,011,997, as set out in Table 8.

An Agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Records required to be retained under the BSA must be retained for five years.

Part 4 – Request for Comments

a) Specific request for comments on the revised traditional annual PRA burden and cost.

FinCEN invites comments on any aspect of the revision of the traditional annual PRA burden, as set out in Part 2 of this notice. In particular, FinCEN seeks comments on the adequacy of: (i) FinCEN's assumptions underlying its estimate of the burden; (ii) the estimated number of hours required by each portion of the burden; and (iii) the organizational levels of the financial institution engaged in each portion of the burden, their estimated hourly remuneration, and the estimated proportion of participation by time at each level. FinCEN encourages commenters to include any publicly available source for alternative estimates or methodologies.

b) Specific request for comments on the proposed criteria for determining the scope of a supplemental annual PRA hourly burden and cost estimate.

FinCEN invites comments on any aspect of the criteria for a future estimate of the supplemental annual PRA burden, as set out in Part 3 of this notice.

c) Specific request for comments on the criteria and methodology needed to obtain information to realistically estimate the supplemental annual PRA hourly burden and cost.

FinCEN invites comments on the most appropriate and comprehensive means of questioning financial institutions about the hourly burden and cost attributable solely to CIP-related activities (i.e., the hourly burden and cost of complying with the recordkeeping requirements imposed exclusively by the BSA, which are not used to satisfy contractual obligations, other regulatory requirements, or business purposes of the financial institution). For example, depending on the nature of the account, a financial institution may be collecting and maintaining some of the same customer identification information required by the CIP in order to satisfy other obligations including (i) protecting the financial institution from fraud against itself or its customers, (ii) complying with other non-BSA regulatory requirements such as those imposed by the specific federal functional regulator, or (iii) improving the financial institution's marketing efforts or the quality of its managerial information products.

The estimate of the annual PRA hourly burden and cost of the CIP must take into consideration only the effort involved in obtaining those data elements that are used exclusively for complying with CIP requirements. Given the obvious complexity in determining what portion of the effort to include in the estimate, FinCEN seeks

comments from the public about how best to frame the questions and define the requirements, according to the business uses of financial institutions covered by this notice. Also, due to the evident difficulty involved in estimating the number of new accounts opened during the year, as a proxy for new accountholders subject to CIP requirements, FinCEN welcomes any suggestions as to how to derive this estimate by using publicly available financial information.

d) Specific questions for comment associated with the five CIP requirements:

- 1) Written CIP - If a bank is required to have an AML program, the CIP must be part of the AML program.
 - On average, how long does it take your financial institution to revise its written CIP annually?
 - Does the process require review and approval by senior management?
 - How long does it take your financial institution to go through the internal governance process to get the CIP approved?
 - How much time on an annual basis does the compliance team spend training the business units or other compliance members on the CIP and associated updates?
- 2) Identity verification procedures - the CIP must include risk-based procedures for verifying the identity of each customer to the extent reasonable and practicable.
 - On average how many new accounts does your financial institution open per year?
 - How many accounts are for new customers?
 - How many accounts are new personal accounts?
 - How many accounts are new business accounts?

- How long does it take your financial institution to open a new account for an existing customer?
 - How long does it take your financial institution to conduct identity verification procedures for a new personal or business account?
 - Is the collection of customer identification information exclusively to comply with the CIP requirements, or is it also to comply with other regulatory requirements or for other business reasons?
- 3) Recordkeeping - the CIP must include procedures for making and maintaining a record of all information obtained under the CIP requirements.
- Are all CIP records stored electronically? If not, please provide details as to the type of storage method used.
 - How long does it take to store a customer's CIP information electronically?
 - How long does it take to store a customer's CIP information by other means?
 - Is the process of storing CIP information an automated or manual process at your financial institution?
 - Does your financial institution have to invest in specific technology to maintain these records? If so, what is the cost of implementation and maintenance annually?
 - Is the technology exclusively to comply with the CIP, or is it also to comply with other regulatory requirements?
- 4) Consulting government lists - the CIP must include procedures for determining whether the customer appears on any list of known or suspected terrorists or

terrorist organizations issued by any Federal government agency, and designated as such by Treasury in consultation with the Federal functional regulators.

- How long does it take your financial institution to check a new customer against suspected terrorist lists issued by the Federal government?
 - Do you use an automated system, a hybrid of an automated system and manual process, or a completely manual process to conduct the searches?
 - Does your financial institution have to invest in specific technology to conduct the searches? If so, what is the cost of implementation and maintenance annually?
 - Is the consultation of government lists exclusively to comply with the CIP requirements, or does it overlap with other regulatory requirements?
 - What other regulatory or business requirements overlap with the CIP requirements for your financial institution?
- 5) Customer notice - the CIP must include procedures for providing bank customers with adequate notice that the bank is requesting information to verify their identities.
- How does your financial institution provide notification to customers of CIP requirements?
 - Does your financial institution use a sign-in the institution's offices, notices contained in account opening documents, including electronic notification in the case of online account opening, or general notifications on the institution's website, or a combination of both?
 - How often does your financial institution update the notice to customers regarding CIP?

- What governance process does the financial institution follow prior to making a new update?
- 6) The CIP is not required to, but may also include procedures specifying when a financial institution may rely on another financial institution to perform any of the financial institution's CIP procedures, if certain conditions are met.
- What percentage of the time does your financial institution rely on another financial institution or associated affiliate to conduct CIP on new customers?
- What is the burden on your financial institution to vet another financial institution or associated affiliate, annually, in order to rely on them to conduct CIP? What are your vetting process criteria?

e) General request for comments.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (i) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (ii) the accuracy of the agency's estimate of the burden of the collection of information; (iii) ways to enhance the quality, utility, and clarity of the information to be collected; (iv) ways to minimize the burden of the collection of information on respondents, including through the use of automated

collection techniques or other forms of information technology; and (v) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: August 7, 2020.

Michael Mosier,
Deputy Director,
Financial Crimes Enforcement Network.