

SENATE BILL REPORT

SB 5943

As of February 24, 2003

Title: An act relating to requiring financial institutions to verify its customers' identification.

Brief Description: Requiring financial institutions to verify customer identification.

Sponsors: Senator Roach.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/27/03.

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Staff: Joanne Conrad (786-7472)

Background: The type and amount of identifying information required by financial institutions for identification of customers, and the form in which it is required to be provided for a particular transaction, currently varies by institution. Each institution has its own protocol for identification of customers making in-person transactions. The kinds of identification can include photo identification, such as drivers' licenses, as well as signature cards, fingerprints, personal knowledge, and other documentation. Social Security numbers are required on accounts, in order to report data to the Internal Revenue Service, but are not generally required to transact in person. In some cases, the last four digits of a Social Security number may be requested verbally.

Summary of Bill: Financial institutions must verify the identity of customers before processing an in-person withdrawal request. Account holders who do not want their identity verified may opt-out in writing.

Verification protocols are determined by each financial institution and must include at least two forms of identification, one of which may be an item of government-issued or financial institution-issued photo identification.

All monetary losses to account holders that result from failure to identify is borne by the financial institution, not the account holder.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.