

SJM 8004 - H COMM AMD

By Committee on Consumer Protection & Business

1 Beginning on page 1, after line 4, strike all material through
2 page 3, line 24 and insert the following:

3 "We, your Memorialists, the Senate and House of Representatives
4 of the State of Washington, in legislative session assembled,
5 respectfully represent and petition as follows:

6 WHEREAS, The State of Washington welcomes refugees and immigrants
7 who bravely leave behind everything familiar to seek safety, build a
8 better life, and provide resources for loved ones in their country of
9 origin; and

10 WHEREAS, Approximately one in every seven Washington residents is
11 an immigrant and another one in every seven Washington residents is a
12 native-born United States citizen with at least one immigrant parent;
13 and

14 WHEREAS, Many immigrants to Washington transfer money to loved
15 ones in their country of origin in the form of remittances, and money
16 remitted by migrants competes with international aid as one of the
17 largest financial inflows to developing countries; and

18 WHEREAS, Many immigrants have continued to try to send money to
19 their families despite uncertain and changing employment
20 circumstances throughout the COVID-19 pandemic; and

21 WHEREAS, The federal government needs to limit remittances that
22 present significant security risks, and the federal Bank Secrecy Act
23 and related Anti-Money Laundering rules (BSA/AML) impose due
24 diligence, recordkeeping, reporting, and compliance program
25 requirements on financial institutions with respect to remittances to
26 foreign countries; and

27 WHEREAS, Some of the countries to which immigrants to Washington
28 want to remit money have little or no central banking infrastructure
29 that makes compliance with BSA/AML rules difficult or impossible, and
30 prevents immigrants from being able to remit money in a safe,
31 reliable manner; and

1 WHEREAS, Financial institutions such as banks play a pivotal role
2 in facilitating commerce and enabling individuals to build financial
3 prosperity; and

4 WHEREAS, Many of the local or community-based money transmitters
5 that service underserved diverse communities in Washington have
6 experienced difficulty in obtaining or maintaining accounts from
7 traditional financial institutions and have seen their accounts
8 closed without explanation or justification, leaving underserved
9 communities without banking options; and

10 WHEREAS, Many financial institutions appear to be engaging in de-
11 risking, whereby they terminate or restrict business relationships
12 with clients or categories of clients in order to avoid, rather than
13 manage, risk; and

14 WHEREAS, De-risking has detrimentally impacted the ability of
15 smaller, Washington-based money transmitters to serve underserved
16 diverse communities, to the benefit of larger money transmitters that
17 operate on a nationwide basis; and

18 WHEREAS, De-risking also presents a threat to public safety, as
19 unbanked businesses often must store and transport large sums of cash
20 at great risk to owners and their employees; and

21 WHEREAS, The state of Washington has an interest in promoting
22 financial inclusion and in ensuring that every individual or business
23 operating in compliance with the law can access regulated financial
24 systems; and

25 WHEREAS, The federal National Defense Authorization Act (NDAA)
26 for fiscal year 2021 expresses Congress's sense that "anti-money
27 laundering, countering the financing of terrorism, and sanctions
28 policies must ensure that the policies do not unduly hinder or delay
29 legitimate access to the international financial systems for
30 underserved individuals, entities, and geographic areas;" and

31 WHEREAS, The NDAA directs the United States Government
32 Accountability Office (GAO) to analyze financial services de-risking
33 and report to Congress, and it directs the Treasury Department and
34 others to review reporting requirements now in effect and propose
35 changes to reduce unnecessarily burdensome regulation and to develop
36 a strategy to reduce de-risking and related adverse consequences; and

37 WHEREAS, The Washington state department of financial
38 institutions has worked with representatives of local and community-
39 based money transmitters, banks, and credit unions in Washington to
40 develop enhanced regulatory guidance and a model account agreement to

1 clarify expectations for financial institutions that might offer
2 account services to affected money transmitters; and

3 WHEREAS, The Washington state department of financial
4 institutions has forwarded that guidance to federal bank and credit
5 union regulators for their review and comment; and

6 WHEREAS, Collaboration between federal bank and credit union
7 regulators, the Washington state department of financial
8 institutions, and industry stakeholders could lead to significant
9 progress towards rolling back blanket de-risking by depository
10 institutions with respect to local and community-based money
11 transmitters;

12 NOW, THEREFORE, Your Memorialists respectfully pray that:

13 (1) Congress pass and the President sign legislation implementing
14 strategies and recommendations that result from directives to the GAO
15 and the Treasury Department under the NDAA;

16 (2) Such legislation also include:

17 (a) Provisions giving federal banking regulators clarity on how
18 to improve examiners' ability to evaluate banks' BSA/AML compliance
19 as applied to money transmitter accounts;

20 (b) A requirement that financial institutions disclose a specific
21 reason when denying or closing an account; and

22 (c) Provisions to help financial institutions mitigate the cost
23 of due diligence required to comply with BSA/AML provisions impacting
24 money transmitters; and

25 (3) The President direct federal bank and credit union regulators
26 to work with the Washington state department of financial
27 institutions and industry stakeholders to support efforts to develop
28 new and creative solutions to improve banking access for local or
29 community-based money transmitters.

30 BE IT RESOLVED, That copies of this Memorial be immediately
31 transmitted to the Honorable Joseph R. Biden, Jr., President of the
32 United States, the President of the United States Senate, the Speaker
33 of the House of Representatives, and each member of Congress from the
34 State of Washington."

EFFECT: (1) Adds that the Washington State Department of
Financial Institutions has worked with representatives of local and
community-based transmitters, banks, and credit unions to develop
enhanced regulatory guidance and a model account agreement and
provided this guidance to federal regulators for review, which may
lead to rolling back de-risking by depository institutions.

(2) Adds a request for direction from the President to federal regulators to work with the Washington State Department of Financial Institutions and stakeholders to support efforts to develop new and creative solutions to improve banking access for local and community-based money transmitters.

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