



November 27, 2020

Submitted Electronically

Ann E. Misback, Secretary,
Board of Governors of the Federal Reserve System,
20th Street and Constitution Avenue NW,
Washington, DC 20551

Policy Division
Financial Crimes Enforcement Network
P.O. Box 39
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Re: Threshold for the Requirement to Collect, Retain, and Transmit Information on Funds Transfers and Transmittals of Funds That Begin or End Outside the United States, and Clarification of the Requirement To Collect, Retain, and Transmit Information on Transactions Involving Convertible Virtual Currencies and Digital Assets With Legal Tender Status; FINCEN-2020-0002, RIN 1506-AB41

Dear Ladies and Gentlemen,

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 220 state and nationally chartered banks, savings and loan associations, and savings banks. WBA appreciates the opportunity to comment on the efforts of the Board of Governors of the Federal Reserve system and Financial Crimes Enforcement Network's (agencies) joint notice of proposed rulemaking to modify the threshold in the rule implementing the Bank Secrecy Act (BSA) requiring financial institutions to collect and retain information on certain funds transfers and transmittals of funds (proposal).

The agencies have proposed to reduce this threshold from \$3,000 to \$250 for funds transfers and transmittals of funds that begin or end outside the United States. The proposal includes a corresponding reduction from \$3,000 to \$250 for the threshold requiring certain information to be transmitted between financial institutions with a funds transfer. Additionally, the proposal would revise the definition of money to include convertible virtual currencies (CVC).

The agencies identify various benefits to national security and law enforcement authorities in proposing to lower the current threshold under the Recordkeeping and Travel Rules. While WBA appreciates the value that additional data would provide, we are opposed to lowering thresholds that would create greater burden for Wisconsin banks. The agencies believe that the effect of lowering the \$3,000 threshold on financial institutions is likely to be low, that data storage costs have decreased, and that they believe there has been an increase in the ability of small institutions to rely on third-party vendors. WBA anticipates that, regardless of the advancements in technology, the lower threshold will result in additional costs and burdens to financial institutions due to necessary adjustments to systems and policy. Even in situations where the threshold results in purely technological adjustments, financial institutions will still

need to confirm with their vendors to ensure capabilities are in place. For example, a bank may need to purchase additional tiers of functionality or explore other vendor options.

The lower threshold will also require financial institutions to broaden the scope of transactions they review for compliance with the rule. This will result in increased costs by auditors now having to search, review, and test a significantly larger pool of transactions. Additionally, bonding costs for compliance with a broader array of reportable transactions will also increase.

The proposal would also revise the use of the term “money” for purposes of the definition of “payment order” and “transmittal order” in order to apply to domestic and cross-border transactions in CVC and digital assets having legal tender status. Further definition of convertible virtual currencies is necessary to assist Wisconsin banks, many of which have little to no experience in virtual currencies, better identify digital assets. As Wisconsin has not enacted legislation on virtual currencies. Various States have passed bills defining virtual currencies subjected to regulation under Money Transmitter Acts. Under Wisconsin’s “Sellers of Checks” law, companies engaged in the business of transmitting money or selling or issuing checks are licensed by the Wisconsin Department of Financial Institutions (DFI). However, DFI does not currently possess statutory authority to regulate virtual currencies. As such, no definition to ascertain the legal tender status of digital assets exists under Wisconsin law.

Wisconsin banks are committed to assisting law enforcement and regulatory authorities detect, investigate, and prosecute money laundering, and other financial crimes, by collecting, retaining, and transmitting information on persons sending and receiving funds through the funds transfer system. WBA appreciates the opportunity to comment on the proposal and provide the agencies with feedback that will help Wisconsin banks continue to meet the objectives of the Bank Secrecy Act.

We appreciate your consideration of these comments.



Rose Oswald Poels
President/CEO
