



Five Things You Should Know About...

Customer Identification Programs

(as required by Section 326 of the USA PATRIOT ACT)

1. What is a Customer Identification Program (CIP)?

The USA Patriot Act has several provisions “intended to facilitate the prevention, detection, and prosecution of international money laundering and the financing of terrorism.”¹ A CIP prescribes “the minimum standards for financial institutions and their customers regarding the identity of the customer that shall apply in connection with the opening of an account at a financial institution.”²

An institution’s CIP procedures should be “appropriate for its size and type of business”³ and must enable it “to form a **reasonable belief** that it knows the true identity of each customer.”⁴ (emphasis added)

2. What are the general requirements for financial institutions?

The CIP Final Rule has six general requirements:

- A written program
- Four pieces of identifying information -- customer name, date of birth, address, and identification number
- Identity verification procedures
- Recordkeeping
- Comparison with government lists
- Customer notice

3. What kind of Identification Number is required?

For a “U.S. Person”⁵ that means a tax identification number

For a “Non-U.S. Person”⁶ it means **any** of the following:

- Tax ID number
- Passport number and country of issuance
- Alien ID card number
- Number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard

The regulation gives each institution reasonable discretion to determine which specific forms of identification it will accept.

4. What is a “U.S. Person” and a “non-U.S. Person”?

- A U.S. Person is “a U.S. Citizen, or an entity established or organized under the laws of a State or the United States.”
- A non-U.S. Person is “a person who did not satisfy either of these criteria.”

5. What options are available if documentary verification is not possible?

Financial institutions have many options, including:

- Contacting the customer
- Comparing information received from the customer to information obtained from a consumer reporting agency, public data base, or other source
- Checking references with other financial institutions
- Obtaining a financial statement

Footnotes

^{1 & 2} CIP Final Rule: Federal Register; Vol. 68, No. 90, May 9, 2003, Section I – Background; page 25090

³⁻⁶ Transfer and Reorganization of Bank Secrecy Act Regulations: Final Rule; Federal Register, Vol. 75, No. 206, October 26, 2010; page 65843

³ Section 1020.220(a)(1)

⁴ Section 1020.220(a)(2)

⁵ Section 1020.220(a)(2)(i)(A)(4)(i)

⁶ Section 1020.220(a)(2)(i)(A)(4)(ii)

For more information:

Federal Register, May 9, 2003

<http://www.fdic.gov/regulations/laws/federal/03joint326.html>

Federal Register, October 26, 2010

<http://edocket.access.gpo.gov/2010/pdf/2010-25914.pdf>

Inter-Agency FAQ's relating to Customer Information Programs

<http://www.fdic.gov/news/news/financial/2005/fil3405a.html>