



Security Related CIP Threads from Bankers Online.com

Face-To-Face And No ID

For the CIP policy/program: A customer enters the bank and a request is made to open an account. The customer does not have ID on them. Can we include a statement in our CIP that we will do non-documentary Id verification on them? I am concerned about a customer that comes in with nothing (face-to-face). Our policy states 2 forms of ID, and management wants the opportunity to make exceptions. After talking this out they are now willing to get at least one ID and do non-documentary. They are willing to accept the risks.

Your CIP needs to fit the needs of your bank and its risk profile. As anyone who has opened accounts for nursing home residents knows, there are people who do not have what we normally accept as ID. This situation was dealt with long ago in FFIEC interpretations regarding completing CTR ID info.

If you are going to allow exceptions, you should address the circumstances under which exceptions will be allowed, and what you'll do to verify ID under those circumstances. You are also free to run with just one ID document if that fits the risk situation.

Quote:

Can we include a statement in our CIP that we will do non-documentary Id verification on them?

The CIP regulations [at (b)(2)(ii)(B)(2)] state that your non-documentary procedures " must address situations where an individual is unable to present an unexpired government-issued identification document that bears a photograph or similar safeguard; the bank is not familiar with the documents presented; the account is opened without obtaining documents; the customer opens the account without appearing in person at the bank; and where the bank is otherwise

presented with circumstances that increase the risk that the bank will be unable to verify the true identity of a customer through documents."

So such a statement is specifically contemplated in the rules.

Quote:

they are now willing to get at least one ID and do non-documentary. They are willing to accept the risks.

The regulations say that your CIP must describe when you will use documents, non-documentary methods, or a combination of the two. Requiring one ID and non-documentary verification is a combination of both methods, which sounds like you are minimizing risk rather than accepting it.

Suspicious Activity

With all the increased scrutiny for suspicious activity I am looking to create some sort of monitoring chart or investigation report to stay on top of things. For example ongoing review necessary after an SAR has been filed. Or an account that warrants ongoing monitoring. At this point I keep all info together, however it would be nice if something happen to me that another officer could see where I am at. Maybe a tickler. Any ideas?

How about a spread-sheet?

Dorothy,
While I cannot recommend a particular vendor, I have seen banks use fraud or case management software to track suspicious activity. Here's a link to a prior thread where the names of several vendors are listed.

We've had several Regulators ask us to incorporate something like this in our software, and we are working on it. What we are considering is a risk-rating scale, with the following values:

- 0 - Account not reviewed for suspicious activity.
- 1 - Account reviewed for suspicious activity, but activity considered normal for customer.

- 2 - Account reviewed, and SAR being considered.
- 3 - SAR filed on customer.
- 4 - Second SAR filed on customer.
- 5 - Third SAR filed on customer.
- 6 - Customer's account was closed, at direction of bank.

If you have the time, please tell us what you think of this idea. We have been give a thumbs-up from the Regulators we've spoken to. But, we're still open to suggestions.

Customer Identification File

This may have already been asked but I could not find it in any Q & A so here goes do we have to have a central customer information file? We are only going to have the worksheets (CIP) scanned with the loans, deposit, etc. Also, for those of you who are using a ID software such as Penley are you passing the cost to your customers?

A central place to store such records could be beneficial. You would want some method of identifying whether a person has already been CIP'd so that they only have to be CIP'd once.

If you have a code that denotes a person as being CIP'd and that code is available to all depts, then you may not need the central location for your recordkeeping. I assume the required identification (name, physical address, DOB etc) is "stored" on your computer system somewhere.

Customer Identification/Dress Code

Some local banks have enacted a customer "dress code" that requires customers to remove sunglasses and hats for identification purposes. I see this as a "must" when opening an account but I understand these banks are requesting these items to be remove when entering the bank.

Just curious to see how many others are doing this or plan to start this.

This was a suggestion made and endorsed by some of the state bankers associations in order to better the physical security of the banks. I don't remember exactly when it came about, but it has been around for a while.

We discussed it, but opted not to participate due to the possible customer relation's nightmare.

I agree, however, with the new customer identification rules it becomes even more important so I, as security officer and BSA officer, am looking at the issue. Thanks

It was actually Mass Banker's Association that started the whole thing due to the alarmingly high number of robberies over the past couple of years in the state. I would say that 50% of Mass banks are doing this. We've decided to post signs at entrances and drive-ups. We have yet to receive a complaint from a customer.

My reason for opting out:

For it to be effective, it would need to include all head coverings (hats, scarves, hoods, etc.)and all sunglasses. Unfortunately, this causes the need to make exceptions for certain people or groups of people, which can cause bad customer relations problems.

We are doing it. Started about two months ago. No complaints so far.

Quote:

We've decided to post signs

Something along the lines of: "No shoes, no shirt - no service. Hat, Sunglasses - no account."?

You know this is beginning to sound more like the booking process at the local police station. Fingerprints, pictures, credit reports, background investigations, The exception being that there will now be databases on the good people.

Now if every bank had metal detectors and search requirements like airports, wouldn't bank robberies be a thing of the past. It can easily pass as a crime fighter and needed safety issue for customers and staff.

Don't forget about having to remove your shoes! I sure hope I don't wind up with Athlete's Foot.

My husband got stopped by the metal detector at the airport because of his belt buckle. After removing the offending belt, the wand still picked up metal so they had to search him.

Seems he had a package of motion sickness medication in his shirt pocket. The FOIL BACKING of the blister pak for the pills set off the friggin' detector wand.

Of course, coming BACK from Hawaii, no such luck of getting stopped by security to give us an excuse for not coming home.

"No hats, no hoods no sunglasses" is the name of the program. There is an article in this month's "Oklahoma Banker" explaining the voluntary program which, as noted, began in Massachusetts. As described in the article:

The program is designed to ask customers not to wear a hat, hood or sunglasses in participating banks. The message is sent to customers through signs on the windows/doors, table tents, etc. If a customer does wear one of the items, their service cannot be refused, but the bank employees should take caution and deal with the customer with extreme security.

The summary quote is from a representative from the Missouri Bankers Association: This program is not designed to stop the armed robber, they are going to ignore the signs and attempt to rob the place. However, it is designed to deter the demand note robberies.

A Google search using the exact phrase will bring up several related articles. Link to BOL article shortly after program started.

We have posted red letters with a clear background on the doors of all our branches that say "for the safety & security of employees and customers, we ask that you remove all hats, hoods, & sunglasses before entering the bank. We decided that we won't refuse service to someone who doesn't, but since

implementing the policy, if someone walks in the bank with a hat on, they are instantly catching the eye of every employee.

Identifying Fake US Passports

Our bank is considering taking US Passports as valid ID for opening accounts. Does anyone that currently takes US Passports as ID have a means to validate that they are real and not fakes? We were thinking along the lines of the books one can get that list security features on Driver's Licenses. I haven't had any luck getting a government agency to tell me anything (not that I'm surprised).

Thanks!

I don't know of any source to check on the validity of a U.S. Passport, and it is not our responsibility to do so. If you are presented with a passport that appears fake by way of alteration you can always refuse the ID on the grounds that it appears to be altered.

Granted, we may not be required to determine if an ID is valid, but it is most often to our benefit to do so. Hence we are hoping to find a way of checking on passports.

If you are going the route of "verifying" the authenticity of U.S. Passports, why not also verify drivers licenses, as well?

Don't you think that, from a business perspective, if it made sense to verify the authenticity of drivers licenses or passports, the US TREAS would've made it a requirement?

I know as Compliance folk, we are typically not all too concerned with the business aspect of things, but...ho hum...authenticating id's is an unnecessary step that can adversely affect "business as usual."

Once again, we should be treating the CIP requirement as an extension of our normal business practice and not some business-altering thorn in our side that some folks on these boards have made it out to be.

So in other words, if the identification looks unfamiliar to you or appears altered ask for another form of id - or simply refuse the account.

It may make sense to provide staff with a color photocopy and a description of a US Passport so they will know when they have a real one, but unless an id looks obviously fake I do not plan to be validating id. Now, if the photo in the passport is a photocopy, or the cover is light blue cardboard, or the pages don't have the normal seal - we won't accept it. But beyond common sense types of decisions, we are not going to be playing sleuth.

Kaybee's suggestion seems like an excellent one. Now, I guess I need to photocopy mine... eww. Maybe someone else will volunteer.

I was under the impression that if it was an acceptable gov't issued ID, then it was automatically considered verified?? (provided you know what a real one looks like).

I had thought about photocopying my daughter's passport and then realized that I will be needing to explain to the staff that the valid duration for adult and children's passports are different.

save & spare your self The hassle of color Photocopying your Passport and check this website :

verification tools

Hussam, darling, your link isn't working, please try again. Thanks.

Maria : Use your Mouse to Click on The Link , forget Clicking with the spoon or the fork

PS: I just clicked and it worked Fine.
<http://www.keesingref.com/en/products/>

ID Verification -Substantiate By The Customer

I didn't have a good answer for this yesterday. I was told we very often do not get an ID with a current address. This is not limited to the military, but all people who do not pay a fee to change the address on their driver's license.

If that address is incorrect, my recommendation was to get something else to verify the address, lease agreement, utility bill, etc. I was asked, why if we don't have to verify all the data we get at opening such as a DOB, why do we have to validate the stated address? "Cuz we do" wasn't accepted.

This data seems important enough that they should have some verification of the address they say they reside at now. In my mind this isn't a verification on our part, but on the customers to substantiate the info they are providing. Is this a reasonable explanation?

I have edited the post so the title wouldn't be too confusing with one by the same name.

I agree Andy, and I think your explanation is very reasonable. While we certainly shouldn't decline opening the account just because the address doesn't match (takes a while to get those things changed sometimes), we should be provided with some verification of the correct address. We use that address often, and we need to know that it's accurate.

Also, in Texas, we should probably warn them what happens if the friendly DPS officer stops them and figures out they haven't updated their license!!

Well, it seems reasonable to me. But if Andy said the moon was blue, except on Tuesdays when it was purple, I would probably assume I've been color-blind all my life.

I was looking at the required items and record-keeping provisions. Except for military personnel, the customer's physical address(or a contact address) is one of the things that must be obtained under the rules, and so is a resolution of any substantive discrepancy:

(D) A description of the resolution of any substantive discrepancy discovered when verifying the identifying information obtained.

So Andy's suggestion of requiring another document would be to resolve a substantive discrepancy, right?

You talk about the moon as though it isn't blue. How do you think the song, Blue Moon, was inspired.

The resolution of discrepancies is right on. But without the need for photocopies of IDs, in this case, you wouldn't really know there was a discrepancy to be resolved.

Well, how you handle this may be state specific. I have friend that moved recently she called the CA DMV and they told her they would record her address change once she submitted it, but that she should just carry around a piece of paper with her new address on it until her license was up for renewal. They did NOT encourage her to come in a get a new license. She's carrying around a little piece of paper.

We are verifying addresses in a old fashion way - we send thank you cards - in addition to using Chex system's ID Verification tool.

While it's not perfect, I can't think of another way to do it, if you aren't required by law to change you DL.

When I moved and called DMV, I was told I can only get a new license with my current address IF I reported my license as lost or stolen. The person at DMV told me that the Driver's License is NOT intended to be an identification document, it is simply a license to operate a motor vehicle.

So I also have a little slip of paper that I carry with my license. Hopefully, I won't be opening any new bank accounts for the next two years.

Good points. Those sound like weird rules, but possibly cost effective ones. I guess if you don't like the rules, change the politicians.

Didn't y'all once say that a CA. DL wasn't intended to be used as a form of ID? It is like a SSAN being the property of the SSA and not to be used for other purposes.

I also see issues with drivers licenses. When I was in the military police I recall DLs were allowed to expire and a military exemption allowed it to be seen as

valid and unexpired when you were out of state. But I don't know now if that applies to all states or not.

Yeah, California DMV doesn't stand behind their identification of the person they issue the drivers licenses to. Only that the person they issued the license to is qualified to drive. (And sometimes that's questionable...)

Think about it -- all you need to get a drivers license when you're 16 is a birth certificate, a certification that you've passed Driver's Ed, and a passing score on the written and road tests. Nowhere do they make you swear that the name on the birth certificate is yours.

Kinda scary, seeing as how just about everyone takes them as formal identification.

Passports aren't much better - bring them a birth certificate and a 2x2 photo, and they give you a US Passport! Although, they do make you swear that the statements on your application are true... (and nobody who was trying to get a fake ID would ever lie...)

I was under the impression that you only had to record the resolution. I don't think it is necessary to have the customer provide a copy of another document (utility bill) to prove they now have a new address. I would document the reason for the discrepancy (bought house, job transfer etc.) and send a thank you note. If the thank you note comes back, then there is more to do.

In addition to thank you cards/calls, we generally try to set up new accounts so they "cycle" on the next available date. Then a statement would be cut within a few days and any returns for address on new accounts can be researched further.

If the customer's documentation includes information that is inconsistent with the information the customer provided, I do not see any suggestion that you can only reconcile that by obtaining another document. You should still be able to make a risk based decision to verify the information using documentary or nondocumentary methods. For example, if the DL address is inconsistent, you could opt to verify the address using nondocumentary means; e.g. a credit report.

However, I cringe at the suggestion that, "We don't have to verify everything" is a valid response to how the bank resolved a discrepancy. That's ignoring it, not resolving it.

It appears contact personnel might need to know a bit about state laws regarding when customers are required to update their address with DMV and the appropriate methods. Texas apparently allows drivers to do it online (\$11 fee) and mails them a new license several weeks later, but the web site does not indicate how soon after moving the driver must notify the state. Kentucky requires the driver notify the state of the address change within ten days, but she must go to a license branch, pay a \$6 fee and receive a duplicate license.

From my read, 521.054 says a Texan (and wannabes) has 30 days to make this address change. This cite, and similar ones for your state may be helpful in the application of your procedures.

I have also discussed the military exception allowing an expired DL to be treated as valid. It turns out a form is required for this. In Texas it is an LI-9, other states may have similar requirements. This form may be needed to resolve the discrepancy of it being expired.

I also wondered if having an incorrect address would render the DL invalid for CIP. But as some of us refer to "valid" as being unexpired, CIP uses the term "unexpired".