

Banking with Community ID Cards

Basics

- It is perfectly legal and proper to accept a community ID for banking. Accepting community IDs would allow retail banks and credit unions access to a previously unbanked/underbanked market that would provide new sources of revenue and profits.
- Allowing people access to retail banking, rather than having them rely on check-cashing and payday-lending, would benefit the economic health of the entire community. It can also contribute to improvements in public safety, as illustrated below.
- Opening a bank account requires the applicant to provide a minimum of a name, date of birth, street address, and identification number.
 - For U.S. nationals, the ID number is a person's social security number.
 - For foreign nationals, they can use an ITIN, passport number (with country of issuance), alien ID card number, or "number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard".
 - It is this last means of securing identification through which banks can and have accepted both matricular consular and community IDs.
- Banks must then work to verify this information.
 - They can do this through some combination of the following methods: obtaining a copy of the ID materials presented by the applicant, comparing the applicant's information to existing databases, checking references with other banks including obtaining financial statements, etc.
 - Banks must maintain records about identifying documents/information received from an applicant (including document ID numbers, place of issuance, and dates of issue/expiration), the methods used to verify this information, the results of that verification process, and how any discrepancies noticed were resolved.
 - Applicants should be checked against federal databases of "Specially Designated Nationals and Blocked Persons" maintained by the Treasury Department's Office of Foreign Assets Control, and other databases of prohibited persons, such as terrorism watchlists.
 - These records must be retained for all time that an account is open plus an additional five years.
 - Banks must provide written notice of their identification requirements and their identification record keeping requirements.
- In addition to the above requirements to verify account applicant identity, either a W-9 or W-8 BEN would be required to process taxes on account interest payments. The former requires either an SSN or ITIN number.
 - Banking with a community ID card is a good opportunity to encourage eligible people to apply for ITIN numbers as necessary.