
ENGROSSED SENATE JOINT MEMORIAL 8005

State of Washington

68th Legislature

2023 Regular Session

By Senators Hasegawa and C. Wilson

Read first time 01/24/23. Referred to Committee on Business, Financial Services, Gaming & Trade.

1 TO THE HONORABLE JOSEPH R. BIDEN, JR., PRESIDENT OF THE UNITED
2 STATES, AND TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE
3 HOUSE OF REPRESENTATIVES, AND TO THE SENATE AND HOUSE OF
4 REPRESENTATIVES OF THE UNITED STATES, IN CONGRESS ASSEMBLED:

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

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

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

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

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

1 WHEREAS, The federal government has national security interests
2 that have resulted in measures by federal agencies to block
3 remittances that present significant security risks, and the federal
4 Bank Secrecy Act and related Anti-Money Laundering rules (BSA/AML)
5 impose due diligence, recordkeeping, reporting, and compliance
6 program requirements on financial institutions with respect to
7 remittances to foreign countries; and

8 WHEREAS, Some of the countries to which immigrants to Washington
9 want to remit money have little or no central banking infrastructure,
10 which makes compliance with BSA/AML rules difficult or impossible,
11 and prevents immigrants from being able to remit money in a safe,
12 reliable manner; and

13 WHEREAS, Financial institutions such as banks and credit unions
14 play a pivotal role in facilitating commerce and enabling individuals
15 to build financial prosperity; and

16 WHEREAS, Many of the local or community-based money transmitters
17 that service underserved diverse communities in Washington have been
18 excluded from obtaining or maintaining accounts from traditional
19 financial institutions and have seen their accounts closed without
20 explanation or justification, leaving underserved communities without
21 banking options; and

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

26 WHEREAS, De-risking has detrimentally impacted the ability of
27 smaller, Washington-based money transmitters to serve underserved
28 diverse communities, to the benefit of larger money transmitters that
29 operate on a nationwide basis; and

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

33 WHEREAS, The state of Washington has an interest in promoting
34 financial inclusion and in ensuring that every individual or business
35 operating in compliance with the law can access regulated financial
36 systems; and

37 WHEREAS, The federal National Defense Authorization Act (NDAA)
38 for fiscal year 2021 expresses Congress's sense that "anti-money
39 laundering, countering the financing of terrorism, and sanctions
40 policies must ensure that the policies do not unduly hinder or delay

1 legitimate access to the international financial systems for
2 underserved individuals, entities, and geographic areas;" and

3 WHEREAS, The NDAA directed the United States Government
4 Accountability Office (GAO) to analyze financial services de-risking
5 and report to Congress, and directed the United States Department of
6 Treasury and others to review reporting requirements now in effect
7 and propose changes to reduce unnecessarily burdensome regulation and
8 to develop a strategy to reduce de-risking and related adverse
9 consequences; and

10 WHEREAS, The United States Department of Treasury issued their
11 report on April 25, 2023, "The Department of the Treasury's De-
12 Risking Strategy" with key findings and recommendations that include
13 promoting consistent supervisory expectations that consider the
14 impacts of de-risking; proposing regulations that require financial
15 institutions to have reasonably designed and risk-based AML/CFT
16 programs supervised on a risk basis, taking into consideration the
17 effects of financial inclusion; and building on Treasury's work to
18 modernize the United States sanctions regime and its recognition of
19 the need to specifically calibrate sanctions to mitigate unintended
20 economic, political, and humanitarian impacts, as outlined in *The*
21 *Treasury 2021 Sanctions Review*; and

22 WHEREAS, The Washington state department of financial
23 institutions has worked with representatives of local and community-
24 based money transmitters, banks, and credit unions in Washington to
25 develop enhanced regulatory guidance and a model account agreement to
26 clarify expectations for financial institutions that might offer
27 account services to affected money transmitters; and

28 WHEREAS, The Washington state department of financial
29 institutions has forwarded that guidance to federal bank and credit
30 union regulators for their review and comment in 2022; and

31 WHEREAS, Collaboration between federal bank and credit union
32 regulators, the Washington state department of financial
33 institutions, and industry stakeholders could lead to significant
34 progress towards rolling back blanket de-risking by depository
35 institutions with respect to local and community-based money
36 transmitters;

37 NOW, THEREFORE, Your Memorialists respectfully pray that:

38 (1) Congress pass and the President sign legislation implementing
39 strategies and recommendations that result from:

1 (a) Reports by the GAO and the Treasury Department in response to
2 the NDAA; and

3 (b) Review of the Washington state department of financial
4 institutions' regulatory guidance for depository institutions;

5 (2) Such legislation also include:

6 (a) Directives to federal financial regulatory agencies to
7 develop regulations that clearly and specifically require financial
8 institutions to have reasonably designed and risk-based AML programs
9 supervised on a risk basis, taking into consideration the effects of
10 financial inclusion;

11 (b) Provisions giving federal banking regulators clarity on how
12 to improve examiners' ability to evaluate banks' BSA/AML compliance
13 as applied to money transmitter accounts;

14 (c) A requirement that financial institutions disclose a specific
15 reason when denying or closing an account; and

16 (d) Provisions to help financial institutions mitigate the cost
17 of due diligence required to comply with BSA/AML provisions impacting
18 money transmitters; and

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

24 BE IT RESOLVED, That copies of this Memorial be immediately
25 transmitted to the Honorable Joseph R. Biden, Jr., President of the
26 United States, the President of the United States Senate, the Speaker
27 of the House of Representatives, and each member of Congress from the
28 State of Washington.

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