
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 throughout the COVID-19 pandemic and recovery; and

1 WHEREAS, The federal government needs to limit remittances that
2 present significant security risks, and the federal Bank Secrecy Act
3 and related Anti-Money Laundering rules (BSA/AML) impose due
4 diligence, recordkeeping, reporting, and compliance program
5 requirements on financial institutions with respect to remittances to
6 foreign countries; and

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

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

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

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

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

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

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

36 WHEREAS, The federal National Defense Authorization Act (NDAA)
37 for fiscal year 2021 expresses Congress's sense that "anti-money
38 laundering, countering the financing of terrorism, and sanctions
39 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 directs the United States Government
4 Accountability Office (GAO) to analyze financial services de-risking
5 and report to Congress, and it directs the Treasury Department and
6 others to review reporting requirements now in effect and propose
7 changes to reduce unnecessarily burdensome regulation and to develop
8 a strategy to reduce de-risking and related adverse consequences; and

9 WHEREAS, The Washington state department of financial
10 institutions has worked with representatives of local and community-
11 based money transmitters, banks, and credit unions in Washington to
12 develop enhanced regulatory guidance and a model account agreement to
13 clarify expectations for financial institutions that might offer
14 account services to affected money transmitters; and

15 WHEREAS, The Washington state department of financial
16 institutions has forwarded that guidance to federal bank and credit
17 union regulators for their review and comment; and

18 WHEREAS, Collaboration between federal bank and credit union
19 regulators, the Washington state department of financial
20 institutions, and industry stakeholders could lead to significant
21 progress towards rolling back blanket de-risking by depository
22 institutions with respect to local and community-based money
23 transmitters;

24 NOW, THEREFORE, Your Memorialists respectfully pray that:

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

27 (a) Directives to the GAO and the Treasury Department under the
28 NDAA; and

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

31 (2) Such legislation also include:

32 (a) Provisions giving federal banking regulators clarity on how
33 to improve examiners' ability to evaluate banks' BSA/AML compliance
34 as applied to money transmitter accounts;

35 (b) A requirement that financial institutions disclose a specific
36 reason when denying or closing an account; and

37 (c) Provisions to help financial institutions mitigate the cost
38 of due diligence required to comply with BSA/AML provisions impacting
39 money transmitters; and

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

6 BE IT RESOLVED, That copies of this Memorial be immediately
7 transmitted to the Honorable Joseph R. Biden, Jr., President of the
8 United States, the President of the United States Senate, the Speaker
9 of the House of Representatives, and each member of Congress from the
10 State of Washington.

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