



April 5, 2024

Policy Division
Financial Crimes Enforcement Network
P.O. Box 39, Vienna, VA 22813

Re: Request for Comment Regarding Currency Transaction Report Filing (Docket Number FINCEN-2024-0003)

Dear Sir or Madam:

On behalf of Virginia's credit unions, I am writing in response to the Financial Crimes Enforcement Network's (FinCEN) request for comment (RFC) on its information collection associated with the Currency Transaction Report (CTR). The Virginia Credit Union League advocates on behalf of the 98 member-owned, not-for-profit credit unions in Virginia. Credit unions exist to promote thrift and provide credit to their members.

Credit unions invest heavily in compliance and risk management resources to safeguard member assets and to aid law enforcement in combating money laundering and terrorist financing. Compliance with the Bank Secrecy Act and its associated regulations represent a significant burden to credit unions, both in terms of time spent and financial costs. This burden is often felt the heaviest by smaller credit unions who cannot absorb compliance costs like larger banks can and have fewer resources upon which they can draw. For this reason, it's critical to ensure that regulatory requirements on credit unions are modernized and result in meaningful outcomes.

Time Estimates for CTR Filing

The RFC estimates that the average per CTR time burden is eight minutes. While we agree that eight minutes is a reasonable estimate for the time it takes an experienced BSA Officer or credit union staffer to complete the CTR form, we encourage FinCEN to consider all elements of the CTR filing process, including those outside of the completion and filing of the form itself. A teller may have to review transaction history, explain to the member that a CTR is required, answer questions or address concerns from the member, and confirm their information. In many cases, as an internal control, the teller is not the staff member who actually files the CTR. The teller may have to send relevant information to a BSA officer or other supervisor who will be the one who actually fills out the CTR and files it. FinCEN rightly recognizes that multiple staff members are involved in the process, as shown in Table 1 of the RFC. We urge FinCEN to ensure it is considering all elements of the CTR process when estimating the average burden on financial institutions for each CTR filed.

Raising the Outdated CTR Reporting Threshold

We strongly urge FinCEN to review and raise the \$10,000 CTR threshold. The \$10,000 threshold has been in place since its establishment in 1972, with no adjustments made for inflation. \$10,000 in 1972 has the same buying power as over \$75,000 in 2024, according to the U.S. Bureau of Labor Statistics.¹ \$10,000 also represents a significantly higher percentage of the median annual income for American families in 1972 than it does today.² Simply put, depositing or withdrawing over \$10,000 is a routine activity in 2024 to a far greater extent than it was in 1972. The threshold must be raised to account for inflation, rising household incomes, and other factors.

¹ https://www.bls.gov/data/inflation_calculator.htm

² U.S. Census Bureau, Money Income in 1972 of Families and Persons in the United States, Report Number P60-90 (Dec. 1973), <https://www.census.gov/library/publications/1973/demo/p60-90.html>

The \$10,000 CTR threshold represents a significant administrative burden on credit union staff. Raising the CTR threshold above \$10,000 would help reduce this burden in several ways. Not only would it save staff time by reducing the number of CTRs credit unions would be required to file, but it would also reduce the number of structuring SARs and the hours spent by staff reviewing member cash activity for possible filing of initial or continued activity SARs. This second aspect is an often-overlooked item when it comes to the \$10,000 threshold. Many credit unions file most of their SARs for members who may be structuring transactions to stay below the threshold.

For example, suppose a credit union member withdraws a total of \$11,000 cash over the course of three weeks in several different transactions, none of which exceeds \$10,000. The credit union's BSA officer sees the activity, reviews the member's transaction history, and brings it to the credit union's SAR review committee. The committee discusses the transactions and decides the behavior could be viewed as structuring, and that a SAR should be filed. The BSA officer fills out the SAR, composes the narrative, and files it. 90 days later, the SAR committee meets again to review the member's behavior and see if a continuing activity SAR is warranted. If the member has continued withdrawing cash in a similar pattern, the credit union may file a continued activity SAR, which repeats the process all over again. The credit union continues to file SARs, with no feedback on if they are being reviewed, found useful in an investigation, etc.

In the vast majority of cases, these SARs will not be part of an active investigation, nor will the credit union receive any feedback from FinCEN about them. On the credit union side, it is spending resources that could be better directed toward member service. For FinCEN, it clogs the SAR filing pipelines with SARs filed for routine cash deposits and withdrawals that do not contribute to active investigations.

Fortunately, there is a solution - the hours spent reviewing this member's activity and filing these SARs would not be necessary if the CTR threshold was raised to \$30,000, \$25,000, or even \$20,000.

While federal statutes require financial institutions to report large currency transactions, FinCEN holds the authority to establish and change the mandatory reporting threshold.³ Raising the threshold would help reduce the burden and inefficient allocation of resources by all parties involved. An increase of the threshold from \$10,000 to \$20,000 is still a far cry from what the true inflation-adjusted amount would be. However, we believe an increased threshold would strike the balance of providing meaningful regulatory relief while still providing financial transaction information useful to law enforcement. For these reasons, we urge FinCEN to raise the CTR threshold above its current \$10,000 threshold.

The Virginia Credit Union League appreciates the opportunity to comment on the RFC. Should you have any questions or require any further information, please don't hesitate to contact me at jblau@vacul.org or (434) 237-9608.

Sincerely,



JT Blau
Chief Advocacy Officer
Virginia Credit Union League

³ 31 U.S.C. § 5313