

## **Patriot Act forces banks to have Customer Identification Program in**

Holly Miller

Banks must know who their customers are by the end of the month or face the consequences.

The Patriot Act requires banks to have a Customer Identification Program in place for new accounts by Oct. 1. New Orleans area banks say they are ready.

The identification program must include a uniform procedure for collecting identifying information such as name, date of birth, physical address and taxpayer ID number. It also must have a procedure to verify a customer's identity by examining a government- issued picture ID, maintain records of the information used to verify identity and crosscheck the names of new account holders against lists of suspected terrorists.

David Boneno, general counsel for the Louisiana Bankers Association, has been helping area banks prepare for the new rules.

"What it means is that many banks will have to go back and revise the policies and procedures they use for customers to open accounts," Boneno said.

Some banking industry officials are worried the new procedures will inconvenience customers.

"It could be fairly onerous for them," Boneno said. "For example, in the old days, if a husband and wife wanted to open a joint account, we could send the papers home with the husband for the wife to sign. Now both spouses will have to come in to the bank and provide identification."

Boneno said the new requirements could prove awkward in some situations, particularly for smaller community banks that pride themselves on knowing and recognizing their customers.

"Even if a banker knows his customer, has known him for 30 years, he'll still have to follow the identity verification procedures if that customer wants to open a new account," he said.

Veronica Kittok, vice president and Patriot Act officer at Hibernia National Bank in New Orleans, said a lot of time has been spent planning for the new regulations.

"One of the most difficult aspects is record keeping," she said. "The information must be kept for five years so we had to upgrade our systems, and in some instances buy new software and hardware in order to comply with the record keeping and retention requirements."

Another time-consuming facet has been training personnel in the new processes, Kittok said.

"We have 5,500 employees, and all of them have to take some type of training," she said. "For some it's 15 minutes but for others it can last an hour. And that gets costly."

Ric Smith, president of Metairie Bank, said his customers won't see much difference.

"We've already been doing most of the checking that's required. We've been getting driver's license information and Social Security numbers all along. There's so much fraud in the New Orleans area so we've done a lot of this as an anti-fraud measure."

He said the bank has incurred some expense in adding Chex Systems Inc. - a third party verification system that screens ID numbers to ensure they are not reported lost or stolen - but that training has been relatively simple. He would not say how much the service costs.

"It's very easy to communicate new procedures to 133 employees, 40 of which open new accounts," he said.

Cheryl Jones, marketing director for Whitney National Bank, said the new policies are similar to what they were already doing.

"We're having ongoing training to help employees understand how to identify customers diplomatically and efficiently, and then we've had formal training on the Patriot Act in general," she said.

She said Whitney put together a steering committee after the bill passed two years ago to oversee compliance with the Patriot Act and to balance public safety and privacy as procedures are introduced.

Smith said he's noticed some of his customers are hesitant to give out Social Security numbers because they fear identity theft.

"But our feeling is if you trust us with your money, you'll trust us with your Social Security number," he said. "We don't find anything too onerous in this."

Jones agreed.

"Our customers are used to providing that information and they believe it's protection for them as well as for the bank. It works both ways," she said.

Most banks try to avoid surprising customers when new regulations are passed.

"At Hibernia, in every place where we open accounts, even in commercial offices and mortgage offices, we'll have stickers on the door and we'll have signs posted in retail branches on the desks where customers open new accounts," Kittok said.

Whitney will have brochures and signs in bank lobbies.

Smith said Metairie Bank chose not to put up large notices in lobbies.

"But we did put up a small sign at each of the places where people open accounts to advise them that we may have to ask for identity verification," he said. "We're trying to handle it as a nonevent."

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