

ALTERNATIVE IDENTITY CARDS

In recent years, Alternative Identification (ID) Cards have been issued by state, county and municipal jurisdictions in an effort to provide a valid photo ID option for certain community members, including undocumented immigrants, the homeless, foster youth, the elderly, and others who might have difficulty obtaining and retaining other official government-issued ID.

Alternative ID cards come in many forms and can be issued at the state, county and municipal levels. They range from photo ID cards intended only for use as a form of driving license, to city ID cards that are intended to be used in much of the same way as a standard drivers' license or state-issued ID card.

The primary purpose of most forms of these alternative ID cards is commonly stated as to enable the holders to access locations and services that require a photo ID, allowing parents to enter their child's school buildings, for example. A secondary stated aim in some jurisdictions, however, is to equip individuals with the proof of identity required by financial institutions to open an account. This is despite the fact that these cards are not recognized by state or federal government, and cannot be used as licenses to drive (other than the specialized form of alternative ID created *solely* for driving purposes) or to purchase tobacco, alcohol or firearms.

Financial institutions are wary of the risk that they would bear if they are required to accept these types of ID cards as a primary guarantee of identity because these ID cards lack stringent issuance rules, are not tied to a Social Security Number (SSN) or Tax Identification Number (TIN), do not take into account the criminal background or immigrant status of an applicant, and could be used with relative ease by criminals, fraudsters or even terrorists.

Financial institutions are not obligated under state or federal law to accept these ID cards as a primary proof of identity. In addition to satisfying customer identification program (CIP) protocols, financial institutions must be permitted to layer on discretion underpinned by each bank's individual risk assessments and review of the requirements under state and federal law.

AFSA'S POSITION

AFSA members take their responsibility to protect accounts from fraud and money laundering very seriously. AFSA believes that requiring financial institutions to accept alternative ID cards as a primary form of identification, in place of more official and rigorously-guarded types of ID, would expose them to fraud, regulatory retribution, and enormous reputational risk.

AFSA supports financial inclusion and the development of products that may help drive it. Many financial institutions offer products that are intended to serve underserved populations and help their journey to the financial mainstream, through traditional installment loans, network-branded prepaid cards, vehicle finance, mortgage options, and more.