

Banking and Finance Law Daily Wrap Up, FINANCIAL TECHNOLOGY—Blockchain Association, ICBA comment on customer ID programs for stablecoin issuers, (Aug. 25, 2026)

Banking and Finance Law Daily Wrap Up

By Donielle Tigay Stutland, J.D.

BA recommends the final rule maintain flexibility in how a PPSI verifies a customer's identity, while the ICBA urges the Agencies to adopt regulatory parity for customer identification.

The Blockchain Association (BA) and the Independent Community Bankers of America (ICBA) have submitted letters in response to the request for comments by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA) on their joint proposed rule implementing provisions of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act). Specifically, both groups offered comments on GENIUS ACT provisions that require permitted payment stablecoin issuers (PPSIs) maintain an effective customer identification program (CIP).

BA [stressed](#) that it "supports the proposed rule's core design choices;" however, the trade group recommended that the rule could be improved by more clearly defining the requirements of a PPSI-specific CIP, avoiding duplicative application of overlapping BSA requirements, and ensuring that PPSIs may use modern and interoperable methods to collect and verify customer information.

ICBA's [comment letter](#) urges the Agencies to finalize a rule that makes PPSIs directly accountable for bank-equivalent customer identification, verification, monitoring, record keeping, and illicit-finance controls, arguing that PPSIs should be subject to bank equivalent regulatory standards.

Background. The Agencies issued the notice of proposed rulemaking (NPRM) on June 22, 2026. The proposed rule would treat PPSIs as financial institutions for purposes of the Bank Secrecy Act (BSA) and require such issuers to maintain an effective CIP. Section 4(a)(5)(A) of the GENIUS Act, 12 U.S.C. § 5903(a)(5)(A), requires BSA treatment for PPSIs. As such, PPSIs shall be subject to all Federal laws applicable to financial institutions located in the United States relating to economic sanctions, preventing money laundering, customer identification, and due diligence. The proposed rule would apply to the PPSIs that each federal agency supervises as well as PPSIs that opt for GENIUS Act state supervision. Accordingly, each PPSI must have a written CIP appropriate to the PPSI's size and business. The CIP will be part of the anti-money laundering and countering the financing terrorism (AML/CFT) program of each PPSI (see [Banking and Finance Law Daily](#), June 18, 2026).

BA comments. BA's comment letter generally supports the Agencies' proposed CIP rule for PPSIs under the GENIUS Act. BA supports the decision to apply a customer-identification framework to PPSIs that it finds generally comparable to familiar bank regulatory frameworks. BA also strongly supports the proposal's decision to limit CIP obligations to primary-market relationships in which a PPSI interacts directly with a customer, rather than attempting to impose customer-identification obligations across downstream secondary-market activity.

However, BA does make some recommendations. Specifically, BA recommends that the rule should more clearly define the requirements of a PPSI-specific CIP, avoid duplicative application of overlapping BSA requirements, and ensure that PPSIs may use modern and interoperable methods to collect and verify customer information.

The comment letter also recommends that the final rule should maintain flexibility in how a PPSI verifies a customer's identity. The group suggests that final rule should also clarify that issuers may receive and collect required customer-identification information electronically and indirectly, including, for example, by obtaining a customer's taxpayer-identification number from a third party. Additionally, BA suggests that the final rule should leave open the possibility of allowing PPSIs to rely on customer identification by state-regulated stablecoin issuers in the future to the extent those issuers are subject to similar CIP requirements. BA also recommends that the Agencies coordinate the effective date with the closely related PPSI AML/CFT NPRM.

ICBA comments. ICBA's comments are grounded in ensuring regulatory parity requiring PPSIs to meet bank-equivalent CIP, verification, monitoring, and record keeping standards. ICBA stressed that it "strongly opposes any framework that permits nonbank stablecoin issuers to operate under lighter, less enforceable, or functionally reduced compliance requirements."

ICBA made the following recommendations:

- *Regulatory parity.* PPSIs must meet customer identification, verification, record keeping, monitoring, and supervisory expectations no less rigorous than those applicable to community banks.
- *Verification before functionality.* PPSIs should not enable account functionality until required information is collected, and the issuer has formed a reasonable belief that it knows the customer's true identity.
- *Stablecoin-specific accountability.* CIP obligations should not disappear because activity occurs through secondary-market channels, intermediaries, unhosted wallets, or decentralized protocols.
- *Auditable records and oversight.* PPSIs must maintain durable, examiner-accessible records sufficient to evaluate verification decisions, vendor-supported tools, exceptions, discrepancies, and stablecoin-specific risks.
- *No burden shifting.* Reliance arrangements and vendor relationships should be narrow, documented, supervised, and fully auditable; PPSIs must not shift CIP, AML, monitoring, wallet-risk, or blockchain-analytics accountability to community banks.
- *No PPSI exemptions.* CIP obligations are foundational BSA safeguards, and PPSIs, or PPSI account categories should not operate under weaker customer identification standards than community banks.
- *Structured implementation.* PPSIs should not onboard customers, issue stablecoins, or enable account functionality until bank-equivalent CIP, and AML controls have been implemented, reviewed, and tested through enforceable milestones.

The ICBA concluded by stressing that "regulatory parity is essential to protecting consumers, preserving financial stability, and ensuring a level playing field in the U.S. payments system."

Companies: Blockchain Association; Independent Community Bankers of America

RegulatoryActivity: BankingOperations BankSecrecyAct Blockchain DepositInsurance FederalReserveSystem
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