



May 9, 2006

By Electronic Delivery

Russell W. Schrader
Senior Vice President
Assistant General Counsel

Department of the Treasury
Financial Crimes Enforcement Network
P.O. Box 39
Vienna, VA 22183

Re: RIN 1506-AA85—Provision of Banking Services to
Money Services Businesses

Dear Sir or Madam:

This letter is submitted on behalf of Visa U.S.A. Inc. in response to the request for public comment (“Notice”) by the Financial Crimes Enforcement Network (“FinCEN”), published in the Federal Register on March 10, 2006.¹ The Notice seeks comment on a wide variety of issues regarding the regulation of money services businesses under the Bank Secrecy Act (“BSA”). Visa supports FinCEN’s decision to seek comment from individual banking institutions and financial services industry trade associations, and appreciates the opportunity to comment on this important matter.

The Visa Payment System, of which Visa U.S.A.² is a part, is the largest consumer payment system, and the leading consumer e-commerce payment system, in the world, with more volume than all other major payment cards combined. In calendar year 2005, Visa U.S.A. card purchases exceeded a trillion dollars, with over 510 million Visa cards in circulation. Visa plays a pivotal role in advancing new payment products and technologies, including technology initiatives for protecting personal information and preventing identity theft and other fraud, for the benefit of Visa’s member financial institutions and their hundreds of millions of cardholders.

AVOID BURDEN ON PROVISION OF BANKING SERVICES TO UNBANKED INDIVIDUALS

FinCEN has requested “input to assist in [its] efforts to ensure that money services businesses that comply with the law have reasonable access to banking services and, specifically, to avoid any unintended misinterpretation of [the BSA] requirements that could adversely affect the issue of the establishment and maintenance of account relationships and other banking services for money services businesses by banking institutions.”³ In this regard, FinCEN is seeking to implement measures to ensure that banking services are provided to money services businesses so that essential financial

¹ Provision of Banking Services to Money Services Businesses, 71 Fed. Reg. 12,308 (Mar. 10, 2006).

² Visa U.S.A. is a membership organization comprised of U.S. financial institutions licensed to use the Visa service marks in connection with payment systems.

³ 71 Fed. Reg. at 12,310.

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services can be provided to “unbanked” individuals who may not have ready access to the formal banking sector, as explained in the Joint Statement issued by FinCEN and the Federal Banking Agencies.⁴

Visa believes it is important that FinCEN implement reasonable measures that clarify how money services businesses can comply with the BSA requirements without imposing unnecessary burdens on the provision of banking services to unbanked individuals. Specifically, Visa urges FinCEN to take into consideration, for example, the fact that prepaid cards can provide reliable and low-cost access to financial services to individuals who have not yet established bank accounts. In addition, prepaid cards are invaluable tools for state and federal agencies to provide benefits to individuals who are most in need of financial services and who do not have access to traditional banking institutions, as most recently illustrated in the relief efforts in response to Hurricane Katrina. Indeed, prepaid cards are an important resource through which federally regulated banking institutions can deliver financial services to unbanked individuals through various types of businesses.

As FinCEN continues its ongoing efforts to consider possible additional measures regarding the provision of banking services to money services businesses consistent with the requirements of the BSA, Visa urges FinCEN to avoid creating unwarranted regulatory burdens on the use of prepaid cards. As FinCEN is aware, banking institutions continue to develop innovative financial products and services involving prepaid cards, including services that enable unbanked individuals to gain access to essential programs operated by state and federal agencies. Imposing requirements under the BSA on either banking institutions or money services businesses, or on both kinds of entities, relating to the provision or use of prepaid cards could inadvertently stifle the development of financial products and services that can be efficiently delivered through prepaid cards.

We appreciate the opportunity to comment on this important matter. If you have any questions concerning these comments or if we may otherwise be of assistance in connection with this matter, please do not hesitate to contact me, at (415) 932-2178.

Sincerely,

Russell W. Schrader
Senior Vice President and
Assistant General Counsel

⁴ 71 Fed. Reg. at 12,309 (discussing the Joint Statement on Providing Banking Services to Money Services Businesses, issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, FinCEN, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision (Mar. 30, 2005)).