



U.S. DEPARTMENT OF THE TREASURY

THE TREASURY DEPARTMENT

**Spotlight on Identification
Challenges for Vulnerable
Communities**

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I. INTRODUCTION

As part of the U.S. Department of the Treasury’s (Treasury) ongoing efforts to promote financial inclusion and equitable access to the financial system, Treasury hosted several sessions in 2024 to help identify barriers that can limit or deny access to financial services.¹ These efforts align with key Treasury initiatives,² the White House Alternatives, Rehabilitation and Reentry Strategic Plan (“White House Strategic Plan”),³ the White House Executive Order on Advancing Effective, Accountable Policing, and Criminal Justice Practices to Enhance Public Trust and Public Safety,⁴ the U.S. National Strategy to Counter Islamophobia and Anti-Arab Hate and similar efforts,⁵ and the White House Task Force on New Americans.⁶

The roundtables were attended by multiple stakeholders, including representatives of impacted communities, financial institutions, advocacy groups, and academics, who provided detailed insights into the barriers that hinder access to financial services for underserved groups. Throughout the course of these roundtables, lack of suitable identification “IDs” emerged as a primary barrier many communities face in accessing the financial system. Examples of the communities that have been negatively impacted by identification challenges include those impacted by the justice system as well as New Americans, or people who are foreign-born and living in the United States, or who are US-born to immigrant parents refugees, as well as Muslim Americans, and transgender Americans, and others.

This document describes challenges identified by communities related to identification as well as the practices identified by those communities to potentially address these challenges. This document also summarizes feedback from financial institutions that have represented that they have provided banking services to vulnerable communities while managing their compliance obligations, which may help provide insight as to how to address these challenges across the financial sector.

¹ See, e.g., *Addressing Barriers to Financial Services for Justice Impacted-Individuals* (Jan. 12, 2024 and April 24, 2024); *Financial Literacy and Education Commission Public Meeting* (April 10, 2024); *Treasury and Consumer Financial Protection Bureau Roundtable on De-Risking and Consumer Protection* (June 26, 2024).

² U.S. Department of the Treasury, *The Department of the Treasury’s De-risking Strategy* (April 2023), https://home.treasury.gov/system/files/136/Treasury_AMLA_23_508.pdf.

³ White House Domestic Policy Council, *The White House Alternatives, Rehabilitation, and Reentry Strategic Plan* (April 2023), [The-White-House-Alternatives-Rehabilitation-and-Reentry-Strategic-Plan.pdf](https://www.whitehouse.gov/wp-content/uploads/2023/04/White-House-Alternatives-Rehabilitation-and-Reentry-Strategic-Plan.pdf).

⁴ Exec. Order No. 14,074, *Advancing Effective, Accountable Policing and Criminal Justice Practices To Enhance Public Trust and Public Safety*, 87 Fed. Reg. 32945 (May 31, 2022), <https://www.govinfo.gov/content/pkg/FR-2022-05-31/pdf/2022-11810.pdf>.

⁵ See The White House, *The U.S. National Strategy to Counter Islamophobia and Anti-Arab Hate* (Dec. 2024), <https://www.whitehouse.gov/wp-content/uploads/2024/12/National-Strategy-Doc.pdf>; The White House, *FACT SHEET: Biden-Harris Administration Takes Action to Counter Islamophobia* (June 16, 2024), <https://www.whitehouse.gov/briefing-room/statements-releases/2024/06/16/fact-sheet-biden-%E2%81%A0harris-administration-takes-action-to-counter-islamophobia/>.

⁶ Exec. Order No. 14,012, *Restoring Faith in Our Legal Immigration Systems and Strengthening Integration and Inclusion Efforts for New Americans*, 86 Fed. Reg. 8277 (Feb. 2, 2021), <https://www.govinfo.gov/content/pkg/FR-2021-02-05/pdf/2021-02563.pdf>.



II. STAKEHOLDER-IDENTIFIED CHALLENGES IN DOCUMENTATION ACCESS

Identification documents serve as a critical gateway to economic stability as they have come to be seen as required to access standard financial services like opening a bank account or obtaining a loan. Stakeholders noted that financial institutions also often require two forms of identification documents to open a bank account or access financial services. However, as of 2020, roughly one in every eight adults in the United States—nearly 30 million people—lacked a valid driver’s license.⁷ As noted in the White House Strategic Plan, justice-involved individuals (JIIs), which includes those that have interacted with the criminal justice system, such as being incarcerated, on probation or awaiting trial, “have limited ability to access affordable banking products upon reentry due to requirements of opening accounts [at some financial institutions]—such as providing photo identification and proof of address and satisfying any credit or background checks completed by the bank.”⁸

These identification barriers are particularly pronounced for JIIs, New Americans, Native Americans, Muslim Americans, and transgender Americans. For example, Muslim Americans report facing more scrutiny from financial institutions. Additionally, estimates suggest that as many as two-thirds of transgender and nonbinary adults are without a government-issued ID that corresponds with their name and gender identity.⁹ Transgender and nonbinary people face a patchwork of state policies that make it challenging to update gender markers on IDs or to make legal name changes.¹⁰

Refugees and asylees may arrive in the United States without adequate identification documents.¹¹ New Americans, or foreign-born individuals and refugees striving to integrate into United States communities, face significant challenges in securing employment, housing, and healthcare. Language barriers among New Americans exacerbate challenges certain individuals face in obtaining traditional forms of identification.¹² Obtaining such identification involves navigating the complex paperwork and

⁷ Michael J. Hanmer and Samuel B. Novey, *Who Lacked Photo ID in 2020? An Exploration of the American National Election Studies*, University of Maryland Center for Democracy and Civic Engagement (Mar. 13, 2023), https://www.voteriders.org/wp-content/uploads/2023/04/CDCE_VoteRiders_ANES2020Report_Spring2023.pdf.

⁸ Consumer Financial Protection Bureau, *Justice-Involved Individuals and the Consumer Financial Marketplace* (Jan. 2022) at 27, https://files.consumerfinance.gov/f/documents/cfpb_jic_report_2022-01.pdf.

⁹ See Movement Advancement Project, *The ID Divide: How Barriers to ID Impact Different Communities and Affect Us All* (Nov. 2022) at 21, <https://www.mapresearch.org/file/MAP-Identity-Documents-report-2022.pdf>.

¹⁰ Jody L. Herman and Kathryn O’Neill, *Gender Marker Changes on State ID Documents: State-Level Policy Impacts*, Williams Institute (June 2021), <https://williamsinstitute.law.ucla.edu/wp-content/uploads/Gender-Markers-Jun-2021.pdf>.

¹¹ Immigration Equality, *Asylee Status Manual* (2022) at 31.3, <https://immigrationequality.org/asylum/asylum-manual/asylee-status/> (noting that “many asylees do not possess sufficient proof of identity to easily obtain identity documents, including state IDs or Drivers’ Licenses.”).

¹² See, e.g., Laura Berge Jones, Luis A. Oyola, and Jennifer Kwon, *Barriers and Burdens: Lack of Language Access at the Virginia DMV Creates Roadblocks for Refugee and Immigrant Newcomers*, (Mar. 2, 2021), <https://static1.squarespace.com/static/56e188a6d210b87a6973cf2a/t/60675fdffce96f76408a35c8/1617387491199/FINAL+Barriers+and+Burdens+Lack+of+Language+Access+at+the+Virginia+DMV+Creates+Roadblocks+for+Refugee+and+Immigrant>.



procedures that often requires a level of English proficiency that many New Americans have not yet attained. Even for those who speak English, the processes can be confusing, with different states and institutions imposing varying requirements for what constitutes acceptable identification.¹³

There are fees associated with obtaining documents like birth certificates, state IDs, or passports.¹⁴ For aforementioned groups, the financial burden of obtaining documents like these can be prohibitive.

Feedback from roundtable stakeholders highlighting such challenges included the following:

- JIIs at the roundtables described challenges in obtaining traditional identification documents on release, often because of the loss or confiscation of identification documents during incarceration. Even if reclaimed, IDs may have expired, frequently resulting in a complex and sometimes expensive process to reacquire them upon release.
- Roundtable participants noted that Tribal IDs used by Indigenous communities may not be recognized by financial institutions as a valid form of identification.
- Stakeholders noted that financial institutions increasingly rely on sophisticated authentication systems to verify customer identities and mitigate fraud, but these systems can create barriers for vulnerable groups. Screening practices based on financial history— such as previous account closures or overdrafts— can restrict access to new accounts and may not account for specific circumstances that disproportionately impact JIIs, whose records often reflect hardships linked to incarceration.¹⁵ Latino, Black, and Asian communities can also face unique challenges, particularly those related to common surnames, which can complicate identify verification.¹⁶
- Stakeholders, particularly JII and New Americans, described being fearful about the misuse of personal information collected during the account opening process and the fear of surveillance. They said that these concerns lead many to refrain from opening accounts or accessing financial services.

III. STAKEHOLDER IDENTIFIED PRACTICES FOR IMPROVING FINANCIAL INCLUSION

¹³ Movement Advancement Project, *The ID Divide: How Barriers to ID Impact Different Communities and Affect Us All* (Nov. 2022), <https://www.mapresearch.org/file/MAP-Identity-Documents-report-2022.pdf>.

¹⁴ See, e.g., U.S. Department of State, <https://travel.state.gov/content/travel/en/passports/how-apply/fees.html>; Texas Health and Human Services, <https://www.dshs.texas.gov/vital-statistics/costs-fees>; California Department of Public Health, <https://www.cdph.ca.gov/Programs/CHSI/Pages/Vital-Records-Fees.aspx>.

¹⁵ Consumer Financial Protection Bureau, *Justice-Involved Individuals and the Consumer Financial Marketplace* (2022), <https://www.consumerfinance.gov/data-research/research-reports/justice-involved-individuals-consumer-financial-marketplace/>.

¹⁶ *Id.*



Despite the challenges outlined above, roundtable participants identified steps that financial institutions, nonprofits, and prison operators may be able to take to support individuals in obtaining identification documents and verifying their identities. This report details examples of financial institutions that use alternative IDs or non-documentary verification methods in “spotlight boxes” in order to increase awareness of how particular institutions have been able to comply with Bank Secrecy Act (BSA) requirements while serving vulnerable communities. Treasury does not endorse any one specific program highlighted in this report, rather Treasury spotlights these examples below to share learnings from its roundtables of practices that some financial institutions have undertaken to serve vulnerable communities.

1. ACCEPT ALTERNATIVE IDS

As noted throughout, there is no specific requirement to obtain an ID (photo or otherwise) before opening an account. Under the BSA, banks are required to maintain a customer identification program (CIP) as part of their anti-money laundering compliance program, and such CIPs must include risk-based procedures for verifying the identity of each customer to the extent reasonable and practicable.¹⁷ The CIP Rule does not require a financial institution to accept a certain type of identification. Financial institutions create risk-based CIPs, and, therefore, programs are not one-size-fit-all. Those procedures must enable the bank to form a reasonable belief that it knows the true identity of each customer. The CIP must also contain procedures for opening an account that specify the identifying information that will be obtained from each customer, including, at a minimum, name, date of birth (for an individual), address, and identification number. The CIP must contain procedures for verifying the identity of the customer and those procedures must describe when the bank will use documents, non-documentary methods, or a combination of both methods.

Roundtable participants highlighted the below identification methods as examples of alternative IDs. Treasury has not evaluated the sufficiency of any particular institution’s compliance programs, as such evaluations would be undertaken by the financial institution’s federal or state financial regulators. Rather, Treasury spotlights these identification document examples below to share practices discussed at roundtables by some financial institutions have undertaken to serve vulnerable communities.

- **Consular IDs:** Some financial institutions may incorporate consular IDs issued by foreign governments to their nationals living abroad into their Customer Identification Programs. (see Spotlight Box 1).
- **Community or Municipal IDs:** In some municipalities, immigrants can obtain identification cards regardless of immigration status. Certain local governments issue IDs, which can serve as a form of identification for individuals who lack documents issued by state or federal authorities. For example, anyone living in San Francisco can apply for a SF City ID card regardless of immigration status.¹⁸ As another example, all New York City residents age 10 and older can apply for an IDNYC card, which may be issued to individuals without documents issued by state or federal

¹⁷ 31 C.F.R. § 1020.220(a). See *Customer Identification Programs for Banks, Savings Associations, Credit Unions and Certain Non-Federally Regulated Banks*, 68 Fed. Reg. 25090 (May 9, 2003).

¹⁸ See City and County of San Francisco, <https://www.sf.gov/get-free-sf-city-id-card>.



authorities under certain conditions.¹⁹ Some financial institutions in these municipalities have incorporated these forms of ID into their Customer Identification Programs.²⁰

- **Prison IDs:** Some financial institutions, recognizing the challenges faced by JIIs, accept prison-issued IDs as a form of identification. According to roundtable participants, this practice helps JII reintegrate into society by providing them with access to financial services during detention and upon release (see Boxes 2 and 3).
- **Tribal ID:** Tribal IDs, which are typically issued by federally- or state-recognized tribes, often include key identifying information (*e.g.*, name, date of birth, photo, and tribal enrollment number). For example, some banks accept qualifying tribal IDs as a primary form of ID for accounts provided the ID includes essential information such as a photo, issuing tribe, date of birth, and expiration date.²¹

Box 1. Lower East Side People’s Federal Credit Union: Case Example of Use of Alternative IDs

Background: Lower East Side People’s Federal Credit Union is a non-profit financial cooperative based in New York City. Established in 1986, it has \$90 million in assets and 9,800 members. It focuses on promoting economic justice in low-income, immigrant, and underserved communities.

Challenges Encountered: Key challenges include language barriers between customers and staff as well as difficulty accepting foreign country IDs that lacked standard security features.

Implementation Process: The credit union integrates alternative IDs, such as IDNYC and consular IDs, into its Customer Identification Program. Staff training on recognizing and accepting these alternative IDs is embedded in the institution's regular ID acceptance training. Technological adaptations were made to the core processing system to recognize and process IDNYC and popular consular IDs. The institution also actively engaged in community outreach and partnered with local organizations to promote the acceptance of alternative IDs.

Solutions and Adjustments: To address language barriers, interpreters were used for non-bilingual staff. For foreign IDs that did not meet security standards, the credit union advised customers to obtain a consular ID, IDNYC, or State ID to ensure acceptance and compliance.

Outcomes and Impact: The implementation of alternative IDs resulted in a steady 10% increase in account openings, after the initial launch of IDNYC. Customer satisfaction improved, as many members were able to access financial services using their only available IDs. Compliance remained strong, as the institution followed the same compliance protocols for alternative IDs as for traditional identification methods.

¹⁹ See City of New York, <https://www.nyc.gov/site/idnyc/index.page>.

²⁰ See City of New York, https://www.nyc.gov/site/idnyc/benefits/banks-and-credit-unions.page?utm_source.

²¹ See, *e.g.*, First Fed, *Tribal IDs*, available at <https://www.ourfirstfed.com/faqs/tribal-ids>.



Box 2. Stepping Stones on Use of IDs

Background: Stepping Stones Community Federal Credit Union, a \$5.2 million credit union in Wilmington, DE, is a low-income designated minority depository and a Community Development Financial Institution (CDFI). Its membership consists of individuals who live, work, worship, or attend school in Wilmington, Delaware, along with their families and associated organizations. The credit union adopted alternative identification methods to provide financial services to underserved populations, such as incarcerated individuals who often lack traditional forms of identification.

Implementation Process: Employees are trained on acceptable identification documents. The institution's policies clearly define both primary and secondary identification for account opening. The accepted ID for incarcerated individuals is a state prison ID issued and printed by the Delaware Department of Corrections, accompanied by a confirmation letter from the prison. Though no formal community outreach is conducted, the institution shares information about alternative IDs during workshops and with partner organizations.

Outcomes and Impact: The prison banking program has opened over 300 accounts, with members saving over \$200,000 in their savings accounts. The program serves a population that is often overlooked and underserved. The program is currently offered in men's prisons and plans to expand to women's prisons by year-end. The successful implementation of alternative IDs was achieved by reflecting the processes in all parts of the institution's account opening lifecycle, including training, policies and procedures, testing, and operational practice.

2. DEVELOP NON-DOCUMENTARY VERIFICATION METHODS, INCLUDING BY WORKING WITH COMMUNITY ORGANIZATIONS

Stakeholders also relayed that flexibility in methods used by financial institutions to verify an individual's identity is critical for serving populations that may struggle to provide traditional forms of identification. Notably, non-documentary methods can include a range of practices, such as using third-party verification services.²² In addition, roundtable participants highlighted that another practice is they believe could improve financial inclusion is community-based verification, which involves partnering with trusted community organizations to verify the identities of individuals based on personal knowledge and established relationships.

According to roundtable participants, collaborating with community organizations offers a powerful strategy for financial institutions to enhance their relationships with underserved communities. These community organizations often possess deep, culturally nuanced understandings of the specific challenges and barriers faced by these groups, making them invaluable partners in bridging the gap between underserved communities and the formal financial system. These partnerships exist with social services organizations, police forces, schools, employers, and other community actors. By leveraging these partnerships, financial institutions can develop tailored educational programs that inform these communities about the importance of identification. In addition to providing community-based

²² See 31 C.F.R. § 1020.220(a)(2)(ii)(B)(1) ("These methods may include contacting a customer; independently verifying the customer's identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency, public database, or other source; checking references with other financial institutions; and obtaining a financial statement.").



verification directly to financial institutions, community organizations can also help with other issues related to identification.

For example, such collaborations can also facilitate the provision of vital resources, such as assistance with obtaining or replacing identification documents, navigating complex financial systems, or understanding the implications of different financial products. Roundtable participants noted that community organizations can help JIIs overcome obstacles related to lost or expired identification resulting from incarceration, guiding them through alternative verification methods or documentation processes that financial institutions might accept. Similarly, for new Americans, these partnerships can offer support in understanding U.S. identification systems, building credit histories, and participating in the mainstream financial system. These organizations can also serve as intermediaries, helping to alleviate fears and ensuring that financial services are delivered in a manner that is respectful and inclusive. By working closely with community organizations, financial institutions can not only ensure that underserved communities understand regulatory requirements but also promote greater financial inclusion, ultimately contributing to the economic stability and empowerment of these underserved populations.

3. INCREASE AWARENESS OF CHALLENGES FACED BY JII AND ACCEPTANCE OF PRISON IDS

As noted above, obtaining a valid photo identification is a necessary part of reentry as it is common practice for entities require such identification to access many services—financial and otherwise. But cost, transportation, and documentation requirements pose specific challenges for JII. To address these challenges, our roundtable participants highlighted that prison operators can work with individuals leaving incarceration to obtain necessary documents, state policymakers can work to ensure that there are programs to transfer prison IDs into state-issued IDs after release, and financial institutions can accept prison-issued IDs as a form of identification (see Box 3). These practices, roundtable participants



relayed, can support JII reintegrate into society by providing them with access to financial and social services upon release.

Box 3. Industrial Bank on Alternative Use of IDs for JII:

Background: Industrial Bank, one of the largest African American-owned banks in the U.S., has served small and large businesses, homeowners, and personal banking customers in the Washington, D.C. and surrounding areas since 1934. The bank has a strong focus on serving underserved communities, including JIIs, by providing tailored financial literacy programs and products designed to meet the specific needs of this population.

Implementation Process: Industrial Bank allows incarcerated individuals to open accounts by verifying Social Security numbers (SSNs), verifying a prison ID (hard copy), and confirming details with prison staff. Criminal record searches are also part of the verification process.

Account Restrictions: During incarceration, individuals can open one of two account types: Community Savings Account – Minimum \$25 to open; or 18-Month Steady Saver Certificate of Deposit (CD) – Minimum \$250 to open.

Account fees are waived until release. New accounts are opened by submitting a completed New Account Form along with the Department of Corrections ID. The account remains in “pending” status until the first deposit is received, at which point the account is activated.

Account Usage Restrictions: These accounts are designed for saving with no withdrawals permitted until the individual is released. In case of emergencies, withdrawals can be made by sending a notarized letter requesting a cashier's check, limited to twice per year.

Post-Release: Upon release, individuals can contact or visit the bank to discuss checking account access and card services.



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