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ESTABLISHING REQUIREMENTS FOR USE OF DRIVER'S LICENSE OR PERSONAL IDENTIFICATION CARD FOR OPENING AN ACCOUNT OR OBTAINING A FINANCIAL PRODUCT OR SERVICE

Mr. TIPTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1457) to establish requirements for use of a driver's license or personal identification card by certain financial institutions for opening an account or obtaining a financial product or service, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1457

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. MAKING ONLINE BANKING INITIATION LEGAL AND EASY.

(a) DEFINITIONS.—In this section:

(1) AFFILIATE.—The term “affiliate” has the meaning given the term in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841).

(2) DRIVER'S LICENSE.—The term “driver's license” means a license issued by a State to an individual that authorizes the individual to operate a motor vehicle on public streets, roads, or highways.

(3) FEDERAL BANK SECRECY LAWS.—The term “Federal bank secrecy laws” means—

(A) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

(B) section 123 of Public Law 91–508 (84 Stat. 1116); and

(C) subchapter II of chapter 53 of title 31, United States Code.

(4) FEDERALLY RECOGNIZED INDIAN TRIBE.—The term “federally recognized Indian Tribe” has the meaning given the term by the Secretary of the Interior under section 104(a) of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 5131(a)).

(5) FINANCIAL INSTITUTION.—The term “financial institution” means—

(A) an insured depository institution;

(B) an insured credit union; or

(C) any affiliate of an insured depository institution or insured credit union.

(6) FINANCIAL PRODUCT OR SERVICE.—The term “financial product or service” has the meaning given the term in section 1002(15) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481(15)).

(7) INSURED CREDIT UNION.—The term “insured credit union” has the meaning given the term in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

(8) INSURED DEPOSITORY INSTITUTION.—The term “insured depository institution” has the meaning given the term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(9) ONLINE SERVICE.—The term “online service” means any Internet-based service, such as a Web site or mobile application.

(10) PERSONAL IDENTIFICATION CARD.—The term “personal identification card” means an identification document issued by a State, local government, or federally recognized Indian Tribe to an individual solely for the purpose of identification of that individual.

(11) PERSONAL INFORMATION.—The term “personal information” means the information displayed on or electronically encoded on a driver's license or personal identification card that is reasonably necessary to fulfill the purpose and uses permitted by subsection (b).

(12) STATE.—The term “State” means any State, commonwealth, territory, or possession of the United States, the District of Columbia, the

Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, or the United States Virgin Islands.

(13) SCAN.—The term “scan” means the act of using a device or software to decipher, in an electronically readable format, personal information displayed on or electronically encoded on a driver's license or personal identification card.

(b) USE OF A DRIVER'S LICENSE OR PERSONAL IDENTIFICATION CARD.—

(1) IN GENERAL.—When an individual initiates a request through an online service to open an account with a financial institution or obtain a financial product or service from a financial institution, the financial institution may record personal information from a scan of the driver's license or personal identification card of the individual, or make a copy or receive an image of the driver's license or personal identification card of the individual, and store or retain such information in any electronic format for the purposes described in paragraph (2).

(2) USES OF INFORMATION.—Except as required to comply with Federal bank secrecy laws, a financial institution may only use the information obtained under paragraph (1)—

(A) to verify the authenticity of the driver's license or personal identification card;

(B) to verify the identity of the individual; and

(C) to comply with a legal requirement to record, retain, or transmit the personal information in connection with opening an account or obtaining a financial product or service.

(3) DELETION OF IMAGE.—A financial institution that makes a copy or receives an image of a driver's license or personal identification card of an individual in accordance with paragraph (1) shall, after using the image for the purposes described in paragraph (2), permanently delete, within a reasonable amount of time—

(A) any image of the driver's license or personal identification card, as applicable; and

(B) any copy of any such image.

(c) DISCLOSURE OF PERSONAL INFORMATION.—Nothing in this section shall be construed to amend, modify, or otherwise affect any State or Federal laws that govern a financial institution's disclosure and security of personal information that is not publicly available.

(d) RELATION TO STATE LAW.—The provisions of this section shall preempt and supersede any State law that conflicts with a provision of this section, but only to the extent of such conflict.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Colorado (Mr. TIPTON) and the gentleman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Colorado.

GENERAL LEAVE

Mr. TIPTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. TIPTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as financial service products continue to merge with the ever-evolving world of technology, the opportunities to reach unbanked and underserved households also continue to increase. According to the Federal Deposit Insurance Corporation, 7 percent of the U.S. population is

unbanked, and 19.9 percent is underbanked.

The FDIC has concluded previously that mobile banking is well positioned to meet the day-to-day financial service needs of underbanked consumers as well as consumers at risk of account closure. Providing mobile financial services products to these households has shown to improve their financial outcomes by giving consumers more control over their finances, which helps households avoid burdensome fees and allows them to manage necessary payments more conveniently.

Further FDIC research suggests that nearly three-quarters of all underbanked households have access to a smartphone and that more than one-third of underbanked households used mobile banking in the past year. In particular, the FDIC found that mobile financial services improved account stability by helping underserved consumers successfully manage and maintain bank accounts.

Unfortunately, access to mobile financial service products is not equal across the United States. The Making Online Banking Initiation Legal and Easy Act remedies this lack of parity by establishing a uniform policy nationwide, allowing a financial institution to record personal information from a driver's license for the purpose of opening a bank account with a scan or copy.

The MOBILE Act creates uniform access to helpful financial products and provides certainty to financial institutions to offer their full range of mobile banking products to all consumers nationwide.

While the MOBILE Act creates a consistent law across the United States, it is careful to protect consumer privacy information and existing State privacy laws. The bill requires financial institutions to delete all copies of a driver's license and personal identification after having used them for the permitted purposes of opening an account.

The legislation is also careful not to reduce any financial institution's commitment to comply with Federal and State laws aimed at preventing identity theft, financial fraud, money laundering, or know your customer and Customer Identification Programs.

A Federal Reserve report from 2016 found that mobile banking use was rising at relatively fast rates, reporting that 43 percent of all mobile phone owners with a bank account had used mobile banking in the past 12 months, up from 39 percent in 2014 and 33 percent in 2013.

Following this trend, the use of mobile banking will continue to grow, and the MOBILE Act ensures that every consumer across the country who wants to use a mobile banking product is able to do so. This bill was passed out of the Financial Services Committee on a unanimous, bipartisan vote.

The MOBILE Act provides consumers easier access to the highly regulated financial services industry by simplifying their ability to open an account through the process of scanning or copying their State-issued identification card. As one State banking association wrote to me:

This legislation is mutually beneficial to both financial institutions and their customers. The MOBILE Act will help expand access to critical banking services for underbanked populations by offering similar retail services through mobile technology.

Increasing access for mobile financial services products also means giving rural communities, like many of the small towns I represent in Colorado, access to financial success. While many of us can drive a short distance, walk into a bank, and open an account, there are rural communities where physical bank locations are few and far between. By allowing those with smartphones to essentially have their bank accounts in their pocket, geography is no longer a constraint to accessing financial services products.

All families should have the tools they need to be able to achieve the financial stability and the prosperity the MOBILE Act will provide.

Mr. Speaker, this legislation is important for the future financial health of our Nation's customers. I urge its passage here today, and I reserve the balance of my time.

Ms. VELAZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1457, the Making Online Banking Initiation Legal and Easy, or MOBILE, Act, permits financial institutions to copy or scan a consumer's driver's license or personal ID card when a consumer decides to obtain a financial product or service.

At a time when more Americans are conducting their business online and through their phones, the MOBILE Act will help expand access to banking products and financial services for those consumers who do not have access to a traditional brick-and-mortar financial institution by allowing consumers to utilize their smartphones to open a checking or savings account.

While financial inclusion has increased significantly over the past 20 years, still, too many Americans do not get their basic financial needs met by traditional financial service providers. For example, in June 2016, the Obama administration released a report indicating that about 7 percent of American households still lack access to a bank account, and another 20 percent supplement their bank account with nontraditional financial services like check cashing or payday loans.

Technological innovations in the financial industry and commonsense proposals like the MOBILE Act here in Congress will continue to help us close this gap. The bill will expand credit opportunities for consumers who cannot easily get to a bank in person and provides them access to innovative new

products that can improve their overall financial health.

An amendment in the nature of a substitute was adopted in committee that makes the MOBILE Act even stronger, and I want to thank Mr. TIPTON for putting these improvements forward.

These improvements require financial institutions to permanently delete copies of consumers' ID cards within a reasonable amount of time after they have opened the account, made clarifying changes to better harmonize the bill's requirements with Federal bank secrecy laws, and recognized identification cards issued by federally recognized Indian Tribes as an acceptable identification card.

Perhaps most importantly, the bill also prohibits financial institutions from selling or otherwise sharing the personally identifiable information they collect from consumers with unaffiliated third parties.

The bill is supported by several financial technology and industry groups, including the Innovative Lending Platform Association and the Financial Services Roundtable.

Again, in a day and age when more and more Americans are conducting their business online and through their smartphones but still continue to lack access to traditional banking services and financial products, we need to be doing all we can to simplify the process and encourage account openings through these platforms.

The MOBILE Act is a strong step in that direction, and I have been proud to join the bill as a cosponsor. I encourage Members to vote "yes."

Mr. Speaker, I yield back the balance of my time.

Mr. TIPTON. I yield back the balance of my time, Mr. Speaker.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Colorado (Mr. TIPTON) that the House suspend the rules and pass the bill, H.R. 1457, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. TIPTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

FEDERAL SAVINGS ASSOCIATION CHARTER FLEXIBILITY ACT OF 2017

Mr. TIPTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1426) to amend the Home Owners' Loan Act to allow Federal savings associations to elect to operate as national banks, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1426

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Savings Association Charter Flexibility Act of 2017".

SEC. 2. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS TO OPERATE AS A COVERED SAVINGS ASSOCIATION.

The Home Owners' Loan Act is amended by inserting after section 5 (12 U.S.C. 1464) the following:

"SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS ASSOCIATION.

"(a) DEFINITION.—In this section, the term 'covered savings association' means a Federal savings association that makes an election approved under subsection (b).

"(b) ELECTION.—

"(1) IN GENERAL.—Upon issuance of the rules described in subsection (f), a Federal savings association may elect to operate as a covered savings association by submitting a notice to the Comptroller of such election.

"(2) APPROVAL.—A Federal savings association shall be deemed to be approved to operate as a covered savings association on the date that is 60 days after the date on which the Comptroller receives the notice under paragraph (1), unless the Comptroller notifies the Federal savings association otherwise.

"(c) RIGHTS AND DUTIES.—Notwithstanding any other provision of law and except as otherwise provided in this section, a covered savings association shall—

"(1) have the same rights and privileges as a national bank that has its main office situated in the same location as the home office of the covered savings association; and

"(2) be subject to the same duties, restrictions, penalties, liabilities, conditions, and limitations that would apply to such a national bank.

"(d) TREATMENT OF COVERED SAVINGS ASSOCIATIONS.—A covered savings association shall be treated as a Federal savings association for the purposes—

"(1) of governance of the covered savings association, including incorporation, bylaws, boards of directors, shareholders, and distribution of dividends;

"(2) of consolidation, merger, dissolution, conversion (including conversion to a stock bank or to another charter), conservatorship, and receivership; and

"(3) determined by regulation of the Comptroller.

"(e) EXISTING BRANCHES.—A covered savings association may continue to operate any branch or agency the covered savings association operated on the date on which an election under subsection (b) is approved.

"(f) RULEMAKING.—The Comptroller shall issue rules to carry out this section—

"(1) that establish streamlined standards and procedures that clearly identify required documentation or timelines for an election under subsection (b);

"(2) that require a Federal savings association that makes an election under subsection (b) to identify specific assets and subsidiaries—

"(A) that do not conform to the requirements for assets and subsidiaries of a national bank; and

"(B) that are held by the Federal savings association on the date on which the Federal savings association submits a notice of such election;

"(3) that establish—

"(A) a transition process for bringing such assets and subsidiaries into conformance with the requirements for a national bank; and