The Virgin Islands Consortium

Trump Administration Weighs Requiring Banks to Collect Customer Citizenship Data

Reports on February 24 say Treasury officials are discussing whether to mandate banks verify citizenship for new and existing account holders, a proposal that could significantly expand compliance obligations across U.S. financial institutions.

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Ernice Gilbert February 24, 2026

The U.S. Department of the Treasury, which oversees national financial regulation and enforcement through agencies such as FinCEN, is reportedly evaluating whether to require banks to collect citizenship data.

The Trump administration is weighing a proposal that could require banks across the United States to collect citizenship information from customers, according to a Tuesday report by The Wall Street Journal citing people familiar with the matter.

The potential policy, which remains under discussion, would mandate financial institutions to gather citizenship data from both new and existing account holders. Banks could be required to request identifying documents such as passports to verify a customer’s citizenship status.

According to reporting published the same day, the idea is part of a broader effort by President Donald Trump to curb undocumented immigration by leveraging the financial system to identify noncitizens. The approach would represent a new strategy in the administration’s immigration enforcement framework.

A White House official told The Wall Street Journal that the proposal has not been approved and remains in preliminary talks, with no final decision made as of February 24.

If implemented, the requirement would impose significant compliance obligations on banks. Reuters and Bloomberg both reported on Tuesday that financial institutions could face substantial operational adjustments, including changes to customer intake procedures and upgrades to data management systems.

Under current federal regulations established pursuant to the USA Patriot Act, banks are required to verify customer identities through documentation such as Social Security numbers or Individual Taxpayer Identification Numbers (ITINs). However, there is no explicit federal mandate requiring banks to collect or document citizenship status.

Noncitizens, including legal residents and undocumented individuals, are not prohibited from opening bank accounts in the United States under existing law.

The proposal is reportedly being discussed within the U.S. Department of the Treasury. The department could potentially use its Financial Crimes Enforcement Network (FinCEN) — the bureau responsible for combating money laundering and terrorism financing — to implement and enforce any new data collection or reporting requirements.

Reuters and Bloomberg both corroborated the Journal’s reporting, noting that the measure could introduce unprecedented compliance demands across the banking sector, particularly if applied broadly to all customers seeking to open or maintain accounts in the United States.

As of Tuesday, no executive order or administrative directive has been issued. The discussions remain internal, and no formal policy has been adopted.