



June 11, 2026

The Honorable Katie Hobbs
Governor of Arizona
1700 W. Washington St.
Phoenix, AZ 85007

Re: Request to veto SB 1421

Dear Governor Hobbs,

On behalf of the American Fintech Council, I urge you to veto Senate Bill 1421 (SB 1421).

A standards-based organization, AFC is the largest and most diverse trade association representing financial technology (fintech) companies and innovative banks. On behalf of over 150 member companies and partners, AFC promotes a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC members foster competition in consumer finance and pioneer products to better serve underserved consumer segments and geographies. AFC members share the objective of protecting the integrity of the financial system and preventing illicit activity. SB 1421, however, would undermine transparency, increase compliance and cybersecurity risks, burden Arizona small businesses, and drive financial activity into unregulated channels where law enforcement visibility is diminished.

SB1421 conditions access to lawful financial services, including cross-border payments, on verification of immigration or work-authorization status. In doing so, the bill deputizes private financial companies to enforce federal immigration law—an authority they do not have and are not required to exercise under federal Anti-Money Laundering (AML) rules. Licensed remittance providers already operate under one of the most stringent compliance frameworks in the financial system. They are licensed and examined at the state level and regulated federally under the Bank Secrecy Act, Anti-Money Laundering and Countering the Financing of Terrorism requirements, sanctions laws, and the Remittance Transfer Rule. These frameworks require identity verification, transaction monitoring, recordkeeping, and suspicious activity reporting.

The proposal also raises unnecessary privacy and data-security risks. Licensed providers already collect and secure the information regulators need to monitor cross-border transactions. SB 1421 would require the collection, retention, and transmission of additional highly sensitive personal information unrelated to AML risk, effectively creating a government-directed database to track who sends money abroad, despite no allegation of wrongdoing.

Importantly, money transmitters are not authorized to access federal citizenship or work-authorization databases, and there is no existing lawful mechanism for them to independently verify immigration status. While providers collect information to comply with AML and Know Your Customer (KYC)

requirements, identity verification is not the same as determining immigration status. Standard AML data is not designed to establish citizenship or work authorization and does not reliably distinguish between U.S. citizens and lawfully present non-citizens. Federal immigration databases are restricted under privacy laws, including the Privacy Act of 1974, and are not accessible to private financial institutions.

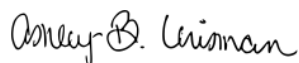
Rather than deterring illicit activity, increased barriers to access will push customers into unregulated channels. When remittance providers are required to verify immigration or work-authorization status—something federal AML law does not require—lawful users face higher friction and risk of denial. Many respond by turning to informal or unregulated alternatives, where there is little or no oversight. Once activity leaves the regulated system, law enforcement visibility is lost.

SB 1421 would also harm small businesses and consumers. Many licensed money transmitters offer services through a network of retail agent locations such as grocery stores, pharmacies, and other small businesses. These locations would face increased compliance costs, operational complexity, and legal exposure as a result of state-mandated verification requirements, despite lacking the infrastructure or expertise to administer them.

Notably, SB 1421 applies to ALL senders. Many Arizonans—including seniors, military families, missionaries, and Americans living or working abroad—may not readily have passports, birth certificates, or similar documentation available for routine transactions. In fact, only half of Americans hold a valid passport, underscoring how uncommon these documents are in daily life. AFC is unaware of any other area of the American economy where law-abiding individuals must repeatedly prove status to conduct routine financial transactions.

For these reasons, AFC respectfully requests that you veto Senate Bill 1421. AFC stands ready to work with your office, legislators, and regulators to help reach a shared understanding of the importance of this industry, the harmful effects of a new identification verification regime, and the objective of a safe and secure American payments system.

Sincerely,



Ashley Urisman
Director of State Government Affairs
American Fintech Council