Fintech continues to be a hot-button issue for regulators, industry and policymakers. All of us want to know what the future holds, but few of us really know the answers. What we do know is that technology is powering more financial transactions, enabling new business models, and even propelling new regulatory initiatives.

So this is a good time to check in with those representing state regulators and get their perspective. And that is the purpose of this version of Simply Stated.

In February, we interviewed John Ryan, the CSBS CEO, who discussed recommendations from a fintech advisory panel that CSBS organized. John talked about how CSBS agreed to implement several recommendations from the panel.

Today, we are talking with Margaret Liu. She is senior vice president and deputy general counsel here at CSBS. And she is the point person for Vision 2020, a set of CSBS and state initiatives designed to better harmonize the multistate experience for fintechs and other nonbanks.

To Margaret, “there is something different with the pace of new companies and business models” and the regulators’ response is not less regulation but “a new way of thinking about what regulators do.” Technology, transparency and common standards play big roles here.

So let’s ask Margaret: how did we get to this point where fintech regulation has become
such a big focus of state regulators? Where do things stand? What can we look for in the near future? And what is the end game for Vision 2020? Assuming there is one. Ok, that is a bit of a tease.

In the meantime, there is a lot of Vision 2020 activity happening. Here is a snapshot from just the past few months:

- **Seek industry input.** CSBS is implementing 14 recommendations made by its Fintech Industry Advisory Panel of 33 companies.

- **Develop next generation technology systems.** CSBS is about to launch a new State Examination System (SES) for state regulators that will move the process online, allow states to share information more easily, and enable greater multistate collaboration in examinations. Indeed, SES has the potential to do for supervision what the Nationwide Multistate Licensing System has done for licensing.

- **Harmonize the multistate experience.** Twenty-six states, representing a majority of the U.S. population, are participating in a multistate licensing compact for money services businesses (MSBs) that is reducing licensing cycle times by two-thirds. CSBS also recently took steps, recommended by the advisory panel, to make state regulation more transparent by deploying an online portal of state regulatory guidance for fintechs…and an interactive map that identifies where exemptions exist in state money transmitter laws. In addition, CSBS is getting ready to roll out for public comment a model MSB law, another panel request.

- **Empower state regulatory departments.** To boost knowledge and skills in supervising e-commerce, CSBS has been conducting cybersecurity training nationwide, reaching as many as 1,000 state examiners. Further, we have just launched a new MSB accreditation program so state agencies can benchmark their performance against other states.

- **Improve third-party supervision.** The U.S. House of Representatives recently approved, on voice vote, a CSBS-supported amendment to the Bank Service Company Examinations Act that will enhance the information flow among federal
and state regulators when examining technology service providers. The bill now heads to the Senate.

Look for more developments in the months ahead.

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