New CSBS Paper: Overview of the Money Services Business

In a new policy paper, CSBS describes the money services business (MSB), including its individual sectors, business models and industrywide data gathered through the Nationwide Multistate Licensing System (NMLS). Also described: how MSBs are supervised by state financial regulators.
The paper, *Overview of the Money Services Business*, is the latest in a series on reengineering nonbank supervision being developed by CSBS to examine the nonbank financial services industry and how it is supervised. State financial regulators are the primary regulators of most nonbank financial services companies operating in the United States.

Key findings from *Overview of the Money Services Business* include:

- The money services business (MSB) is a $1.4 trillion sector that dates back to the mid-1800s, comprised of: money transmission; the sale of payment instruments; prepaid or stored value cards; check cashing; and foreign currency exchange.

- Money transmission is large, growing and increasingly fintech-based. According to data collected by NMLS, money transmission represents roughly 60 percent of all MSB transactions…from 2017 to 2018, the dollar volume of money transmission transactions increased by 57 percent to $851 billion…and since 2010, 73 percent of new entities rely on an internet business model vs. agent-based.

- Roughly 55 percent ($749 billion) of all MSB transactions in 2018 were fintech-based, per NMLS data.

- For more than a century, state financial regulators have had exclusive prudential jurisdiction over MSBs. State supervision involves licensing, examination, enforcement and complaint handling. Regulatory requirements focus on consumer protection, financial safety and soundness, and adherence to the Bank Secrecy Act/Anti-Money Laundering federal law. In supervision, state regulators coordinate with each other as well as the federal agencies CFPB and FinCen/IRS.

- The states have been working to improve the efficiency and effectiveness of MSB licensing and supervision, which benefits regulators and industry alike.

You can read the latest paper [here](#). Prior papers -- Introduction to the Nonbank Industry; An Overview of State Nonbank Supervision; and Overview of Nonbank Mortgage -- can
Cybersecurity Awareness Month: Is Your Institution Prepared?

Held every October, National Cybersecurity Awareness Month (NCSAM) is a collaborative effort between government and industry to raise awareness about the importance of cybersecurity and to ensure that all Americans have the resources they need to be safer and more secure online. CSBS provides several resources to help regulators and the industry foster a more cyber-secure financial services industry, such as the Cybersecurity 101 guide below.


Financial institutions collect and protect highly sensitive information every day. The financial services industry is a vital component of the nation’s critical infrastructure—banks and nonbank financial institutions are the cornerstones of local communities, intrastate commerce, and the U.S. economy. As CEOs, Executives, and/or Board Members, you have the responsibility to adequately protect the money and information entrusted to you by your consumers; losing the trust of your employees and customers puts your institution on the path to disaster.

Cyber risks, like reputational and financial risks, threaten an institution’s bottom line. Attacks can be costly and compromising to customer confidence, and the institution may even be held legally responsible. Beyond the impact to an individual organization, though, cyber-attacks also have far-reaching economic consequences. Due to the inherent interconnectedness of the internet, a security breach at one financial institution can pose a significant threat to market confidence and the nation’s financial stability, as well as to other financial institutions. But in this time of technological advancement and
interconnectedness, it can be challenging to know how to best defend your institutions. With limited resources, how can risks be prioritized?

This guide addresses challenges faced by both bank and nonbank (also referred to as “non-depository”) institutions. It is intended as an easily digestible, non-technical reference guide to help executives develop a comprehensive, responsive cybersecurity program in line with best practices. As each institution is different, the advice in this guide can be easily customized to meet your organization’s unique threats, priorities, and challenges. While this resource guide does not guarantee prevention, it attempts to identify various resources—people, processes, and tools and technologies—that, when properly leveraged, work to reduce your cybersecurity risk.

It is our hope that this guide serves as a starting point to sustained collaboration between financial institutions and regulators. Together we can safeguard against new, persistent cybersecurity threats and contribute to a stable, prosperous economy.

Back to Top

In Case You Missed It: Highlights from the Community Bank Research Conference

The seventh annual Community Bank Research Conference, jointly sponsored by CSBS, the Federal Reserve and FDIC, was held earlier this month in St. Louis. Below are some of the biggest highlights of the conference. More information on the research papers, speakers, and conference recordings can be found on the official conference website.

- Banker Optimism Remains Strong
- Community Banker Concerns Shift to Funding
- Podcast - Community Banks as the Pulse of Our Economy
- Highlights From Speeches at the 2019 Community Bank Research Conference