



Money Transmission Modernization Act: *State Regulation for the Future of Payments*

State regulators and payments industry experts are calling for enactment of the Money Transmission Modernization Act. Endorsed by the Conference of State Bank Supervisors, the MTMA will modernize outdated and inconsistent regulatory requirements that are burdening both companies and regulators, and emboldening proponents of federal preemption. Adoption of the MTMA will create a nationwide network of state payments regulation that protects consumers from harm while empowering companies to innovate and grow local economies.

Background: Money transmitters are financial services companies that receive, hold, and/or send money for customers. Historically, money transmitters transferred money across borders or issued money orders. More recently, the money transmission industry has greatly expanded due to advances in fintech and the need for global payments.

Changes in the money transmission industry have exposed unnecessary, outdated, and often conflicting state requirements across the 50 states and U.S. territories. These conflicting requirements have made it difficult 1) for regulators to consistently regulate money transmitters across state lines, 2) for companies to operate as state-licensed money transmitters across state lines, and 3) to defend the state regulatory system against federal preemption. The MTMA addresses each of these problems, providing a clear set of standards that can be implemented by state regulators in a consistent and coordinated manner.

The MTMA will modernize regulation for today's – and tomorrow's – payments industry by:

- **Reducing regulatory burden.** One set of requirements will reduce compliance costs for companies that operate nationwide and allow state regulators to focus less on navigating multistate differences and more on risk analysis and consumer protection. This opportunity to streamline regulation is why the MTMA has support from the Conference of State Bank Supervisors; industry trade associations, including the Electronic Transactions Association, Money Services Business Association and Money Services Round Table; and both large and small licensed money transmitters.
- **Encouraging continued innovation.** State money transmitter laws have created a legal space for companies to offer new services while protecting consumers from the risk of loss. The ability to try and fail – with safeguards for customers in place – has enabled innovation at the local and national level, supporting economies with appropriate protections in place.
- **Protecting and enabling small business.** The MTMA extends critical protections to small businesses that utilize licensed money transmitters. Small businesses will benefit from the licensing, financial protection, and disclosure and refund requirements applicable to money transmitters in states that adopt the MTMA.

Nationwide adoption of the MTMA will create safe, trustworthy, clear standards for companies and regulators. State financial regulators and payments industry experts urge state legislators to prioritize and pass the MTMA.

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