

State Regulators Take First Step to Standardize Licensing Practices for Fintech Payments

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Washington, D.C. – Seven states have agreed to a multi-state compact that standardizes key elements of the licensing process for money services businesses (MSB).

The agreement: If one state reviews key elements of state licensing for a money transmitter – IT, cybersecurity, business plan, background check, and compliance with the federal Bank Secrecy Act – then other participating states agree to accept the findings. The result is expected to significantly streamline the MSB licensing process.

The states announcing this agreement today are Georgia, Illinois, Kansas, Massachusetts, Tennessee, Texas and Washington. Other states are expected to join this compact.

This multi-state compact represents the first step among state regulators in moving towards an integrated, 50-state system of licensing and supervision for fintechs. In May 2017, state regulators, operating through the Conference of State Bank Supervisors (CSBS), issued a policy statement establishing the 50-state goal. CSBS then developed [Vision 2020](#) as a series of implementation initiatives, including:

- Forming a [Fintech Industry Advisory Panel](#) of 33 companies to identify pain points and recommend solutions
 - Building a next generation [technology platform](#) to streamline both the licensing and supervision of non-banks
 - Working with states to harmonize their licensing and supervisory practices, such as the announcement today
- “This MSB licensing agreement will minimize the burden of regulatory licensing, use state resources more efficiently, and allow for broad participation by other states across the country,” said John Ryan, CSBS president and chief executive officer.

Companies interested in licensure through this compact should contact Charles Clark (charles.clark@dfi.wa.gov), Agency Deputy Director & Director of Consumer Services, Washington State Department of Financial Institutions.

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The Conference of State Bank Supervisors (CSBS) is the national organization of bank regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise roughly three-quarters of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.