



CSBS LAUNCHES STREAMLINED MSB LICENSING PILOT

The Conference of State Bank Supervisors (“CSBS”) has announced a pilot involving seven states to streamline the licensing processes for money service businesses (“MSBs”). The pilot will launch in April.

Georgia, Illinois, Kansas, Massachusetts, Tennessee, Texas and Washington have agreed that if one state reviews key elements of the money transmitter license application, such as the business plan or background checks, the other participating states will accept that state’s findings on that portion of the application. The CSBS hopes that other states will join the pilot by signing the multi-state MSB licensing agreement and is looking for companies to obtain money transmitter licenses through the pilot.

The pilot is part of CSBS’s Vision 2020, an initiative launched in 2017 to streamline state regulations of nonbank financial service providers and enable state regulators to use their resources more efficiently. Nonbank financial services providers typically must comply with licensing on a state-by-state basis. The CSBS announced Vision 2020 after the Office of the Comptroller of the Currency publicized its intent to explore offering a special purpose national bank charter for fintech companies. See ALERT of December 5, 2016.

CSBS appears to be focusing its initial license streamlining efforts on money transmitter licenses. In April 2017, the CSBS introduced a new MSB call report that enabled MSBs to fill out a single form when submitting their quarterly financial data to the 18 regulators that had adopted the new report at the time of CSBS’s announcement. See ALERT of April 19, 2017. Thus far, the CSBS’s streamlining efforts have been cautious and incremental – focusing on specific aspects of licensure, involving relatively few states and testing multi-state coordination.

We regularly advise nonbank financial services providers on multi-state licensing and can provide strategies to reduce the multi-state licensing burden. □

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