



***The Electronic Transactions Association's
2023 State Legislative and Regulatory Policy Priorities***

The digital payments industry is one of the most innovative, dynamic, competitive, and highly regulated industries that exists today, leveraging a sophisticated, interconnected infrastructure to deliver financial products and services that benefit consumers, businesses, and the American economy. These products and services are safe, highly secure, and promote financial inclusion by allowing consumers – including low–and–moderate income consumers who have historically not had full access to the financial system — to conduct their everyday financial transactions.

ETA supports a policy environment that protects consumers while allowing competition and innovation to thrive, providing increased choice and making financial inclusion a reality.

Digital Assets - Digital assets have the potential to change how commerce happens. An appropriate regulatory framework is essential if that potential is to be realized in a manner that protects consumers and fosters continuing innovation. That framework should not be prescriptive but should instead carefully consider the use to which the digital assets are being put and tailor regulation to the risk profile presented.

Specifically, ETA supports public policies that advance the following 5 guiding principles:

- Properly Define Digital Assets
- Tailor Regulation to the Risk Profile of the Participant/Activity
- Ensure Consumer Protection
- Harmonize With Existing Regulatory Frameworks
- Encourage Responsible Innovation

Buy Now Pay Later (BNPL) - BNPL has seen quick uptake among consumers interested in the option of spreading a purchase over several installments. BNPL is one example of innovation in payments that, when adopted carefully and thoughtfully, provides additional payments choice.

- ETA supports a regulatory approach that fosters innovations and encourages the development and deployment of new products and services that benefit consumers

Taxation – ETA opposes tax policies that are impractical, create unnecessary burdens, or otherwise stifle innovation.

- ETA opposes any state proposal that would require payment processors to remit sales tax from their merchants to the state on a daily basis and opposes other similar tax collection/remittance schemes.



Privacy – Protecting consumer privacy is a crucial element of maintaining trust in the payments industry. The payments industry has a long history of protecting consumer privacy. The industry also is laser-focused on fighting fraud and is constantly developing and deploying new technologies to detect and deter fraud.

ETA supports privacy laws that are principles-based and harmonized to ensure predictability and consistency for consumers. Critically, privacy laws must also ensure that the industry can continue to use data in order to fight fraud and protect consumers.

Any privacy or data protection standard should include:

- Provisions for permissible uses of data to prevent fraud and protect consumers
- Reasonable rights to access and request correction or deletion of personally identifiable information
- Consistent and coordinated government enforcement

Model Money Transmission Modernization Act – Money transmitter laws govern a wide variety of activity upon which consumers rely, including bill payment; online and app-based peer-to-peer transfers; domestic and international remittances; stored value (prepaid) cards; and other products and services that serve as a substitute for, or that supplement holding funds in a bank checking account. Currently, each state has its own laws and rules to license and regulate money transmission. The variation among 50 states has resulted in inconsistent standards, which has created an unnecessarily complex compliance environment for companies operating in multiple states. A common regulatory baseline across the country is a crucial step in advancing multistate harmonization in the money transmission industry, as states will be better able to work together in the licensing, regulation, and supervision of money transmitters operating across state lines.

- ETA supports the enactment of the Conference of State Bank Supervisors’ Model Money Transmission Modernization Act (“Money Transmitter Model Law”) across the U.S. states and territories
- ETA opposes legislative proposals that would harm consumers who rely on money transmitters

Small Business Financing – Small businesses are the lifeblood of the economy and ETA members provide financing options to help small businesses hire employees, deliver goods and services to customers and strengthen the economy. ETA supports policies to encourage:

- Expanded access to credit, including the use of new online financing products tailored to the diverse needs of small businesses
- Using sophisticated, data-driven algorithms as well as non-traditional underwriting data inputs to assess the creditworthiness of small businesses

Regulatory Sandboxes – ETA supports state regulatory sandboxes that encourage continued innovation in new products and services while ensuring consumers are adequately protected.