

March 26, 2019

The Honorable Maxine Waters  
Chairwoman  
Committee on Financial Services  
House of Representatives  
Washington, DC 20515

The Honorable Patrick McHenry  
Ranking Member  
Committee on Financial Services  
House of Representatives  
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the members of the Electronic Transactions Association (ETA), I am writing in support of H.R. 1595, the bipartisan *Secure and Fair Enforcement Banking Act of 2019* (SAFE Banking Act), which would allow states that have legalized medical or recreational use of marijuana to bring that commerce into the banking system.

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services; its membership spans the breadth of the payments industry to include independent sales organizations, payments networks, financial institutions, transaction processors, mobile payments products and services, payments technologies, equipment suppliers, and online small business lenders.

Thirty-three states and several U.S. territories have legalized marijuana for medical use and ten states have done so for recreational use. Financial institutions providing services to state-licensed cannabis businesses could find themselves subject to criminal and civil liability under the Controlled Substances Act and federal banking statutes because the use and possession of marijuana is illegal under federal law.

The conflict between state and federal laws forces businesses to operate on a cash-only basis and has created significant legal and compliance concerns for financial institutions that wish to provide banking services to marijuana related businesses in states where it is currently legal. The SAFE Banking Act would allow legitimate marijuana businesses to access the safety and security of the banking ecosystem in states that have legalized marijuana. Having access to the banking system makes it easier for businesses to track revenues for taxation purposes, decreases a public safety threat as cash intensive businesses are often targets for criminal activity, and allows proper tracking of finances for BSA/AML compliance.

With the clarifications to Section 4 in the amendment in the nature of a substitute, the SAFE Banking Act would extend the same protections to payment processors as banks and credit unions by prohibiting federal banking regulators from taking adverse actions against financial institutions. This updated language allows the entire scope of these legitimate businesses to access the entire banking ecosystem – including any entity performing a financial service in association with a depository institution.

ETA takes no position on the legalization or decriminalizing marijuana at the state or federal level for medicinal or recreational uses. However, ETA does support legislation that would resolve the conflict between state and federal laws to allow financial institutions to serve marijuana related businesses in states where these businesses are legal under state law.

We appreciate your leadership on this important issue. If you have any questions, please feel free to contact me directly at [stalbott@electran.org](mailto:stalbott@electran.org).

Sincerely,



Scott Talbott  
Senior Vice President of Government Affairs  
Electronic Transactions Association