



## *The Electronic Transactions Association's*

### **2025 State Public 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.

**Artificial Intelligence** - The payments industry is at the forefront of deploying new technologies – including artificial intelligence (AI) and machine learning – in a safe manner to improve the consumers' experience by making payments more secure and frictionless. Over the past decade, the payments industry has developed and deployed AI tools that have made payments faster, more secure, and has unlocked numerous benefits for the payment industry and consumers alike.

**Model Money Transmission Modernization Act** – 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.

**Taxation** – ETA opposes the application of new or expanding existing taxes to the payments industry.

1. **Interchange Sales Tax** – The payments industry has remained on the forefront of developing innovative payment technology, providing merchants and consumers alike safety, security, speed, and ease for transacting electronic payments. Unwise governmental intervention in such a complicated ecosystem, such as a prohibition on collecting interchange on the sales tax portion of electronic payment transactions, threatens innovation and system security, that is funded in part, through the collection of interchange.
2. **Real Time Sales Tax (RTST)** – ETA adamantly 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. If a state adopted RTST, it would create an entirely new system of sales tax and place redundant and unnecessary burdens on the payments industry.



**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 cryptoassets are being put and tailor regulation to the risk profile presented.

**Commercial Lending** – ETA members are continuously working to expand access to credit by developing and deploying new online financing products tailored to the diverse needs of small businesses. Using sophisticated, data-driven algorithms to assess the creditworthiness of potential small businesses, online small business financiers use non-traditional underwriting data inputs to give a full picture of the credit worthiness and assess the credit risks of small businesses to provide critical funding, and in some cases within minutes, to businesses.

**Privacy** – Protecting consumer privacy is a crucial element of maintaining trust in the payments industry. ETA supports privacy laws that are principles–based and harmonized to ensure predictability and consistency for consumers.

**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.

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