

CONFIDENTIAL

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Submitted via e-mail: MSB.Consultation@gov.bc.ca

Policy & Legislation Division
MSB Consultation
Ministry of Finance
PO Box 9418 Stn Prov Govt
Victoria BC, V8W 9V1

Re: Money Services Businesses Public Consultation Document

To Whom It May Concern:

The Electronic Transactions Association (“**ETA**”) submits these comments in response to the Province of British Columbia’s consultation on the Regulatory Framework for Money Service Businesses in B.C. (the “**Consultation Document**”). ETA and its members support the regulation of the money services businesses to protect consumers and to ensure that providers of money transfer services are not being used to facilitate money laundering. However, the ETA and its members are concerned that adding an additional layer of regulation will have significant negative consequences for businesses and will not offer any meaningful additional protections.

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services. ETA’s members include financial institutions, mobile payment service providers, mobile wallet providers and non-bank online lenders that make commercial loans, primarily to small businesses, either directly or in partnership with other lenders. ETA member companies are creating innovative offerings in financial services, revolutionizing the way commerce is conducted with safe, convenient and rewarding payment solutions and lending alternatives. ETA member companies include those engaged in the money transmission sector and as a result believe that we can provide value to the consultation process.

Certain Canadian members of the ETA are also members of the Money Services Round Table (the “**MSRT**”). ETA fully supports and reiterates the submissions made by the MSRT in its letter in respect of the Money Services Business Public Consultation Document.

In our view, similar to the views set out in the letter of the MSRT, as the United States experience has shown us, the patchwork of state laws, regulations, guidance, and regulatory expectations limits innovation and provides a significant obstacle for both incumbents and new entrants into the money services businesses market. Despite many similarities of state money transmission laws, each state defines and interprets money transmission and its exemptions differently. As a result, a significant amount of time and money is spent by stakeholders interpreting how money transmission is defined. These costs – in the form of additional financial spend or in some cases the inability to provide certain services in some states – are ultimately borne by consumers. This results in inefficiencies and higher costs for end users of these services, who, as noted in the Consultation Document are often disadvantaged and vulnerable groups such as low-income Canadians.

We hope that these comments and the comments made by the MSRT will assist the Province in understanding the potential ramifications of adding another layer of regulation to those involved in money transmission. We respectfully submit that the province should learn from the US example of what not to do. The ETA encourages the province to consider the regulatory requirements that are currently in place and that are coming into force in Canada (and British Columbia) and submits that no further regulation is necessary.

Any additional regulation in a field that is or will be well covered, will hamper innovation rather than promote it.

Sincerely,



Scott Talbott
Senior Vice President of Government Affairs
Electronic Transactions Association

