

**January 18, 2024**

**The Honorable David Wheeler  
Chair of Senate Committee on Commerce and Energy  
South Dakota State Senate  
500 E. Capitol  
Pierre, SD 57501**

**The Honorable Mike Weisgram  
Chair of House Committee on Commerce and Energy  
South Dakota House of Representatives  
500 E. Capitol  
Pierre, SD 57501**

*Via Electronic Mail to:* [David.Wheeler@sdlegislature.gov](mailto:David.Wheeler@sdlegislature.gov) and [Mike.Weisgram@sdlegislature.gov](mailto:Mike.Weisgram@sdlegislature.gov)

**Re: Comments in Support of Senate Bill 58 – Money Transmission Modernization Act**

Chairs Wheeler and Weisgram,

On behalf of the Electronic Transactions Association (“ETA”), the leading trade association for the payments industry, we appreciate the opportunity to provide the comments below in strong support of Senate Bill 58 related to adopting money transmission modernization standardization for the state of South Dakota.

Senate Bill 58 incorporates the Conference of State Bank Supervisors’ (“CSBS”) model law modernizing the regulation of money transmission businesses known as the Money Transmission Modernization Act (“MTMA”), into South Dakota law. We commend the work of CSBS in bringing together regulators and other stakeholders to develop a uniform, nationwide framework for the regulation of money transmission businesses. Through harmonized standards, the MTMA will:

1. Facilitate enhanced, coordinated supervision of money transmission businesses.
2. Reduce barriers to entry and compliance costs of critical financial services created by disparate and sometimes conflicting state laws and regulations.
3. Further protect consumers and small businesses through safe, trustworthy, and clear standards for companies and regulators.

Adoption of the MTMA will ensure that consumers are protected while streamlining the regulation of money transmission companies across all jurisdictions. The law would create a robust single, national standard for customer protections, clarify and standardize definitions of regulated activity and related key elements of regulation. Importantly, the MTMA modernizes the states’ ability to license and examine money transmitters through the Nationwide Multistate Licensing System. With 99.8% of the \$4.9 Trillion in reported money transmission volume in 2021 being transmitted

by companies licensed in multiple states, uniform adoption of the MTMA would allow businesses to focus on risk detection and consumer protections, while decreasing burdens of state caseloads, and preserving licensing and supervisory efforts.

CSBS recently reported that the boom in fintech payments providers has resulted in the number of money transmitters operating nationwide (licensed in 40 or more states) more than doubling since 2015. Considering the substantial increase in the volume of regulation and oversight required as this industry continues to expand, standardization will be a benefit to regulators in managing workloads more efficiently.

Uniform adoption of the MTMA is critical to protecting users, maintaining U.S. competitiveness, and supporting regulator efficiency. Therefore, ETA supports Senate Bill 58 because it would align regulation of money transmission in South Dakota with the that is being adopted in states across the nation.

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We appreciate you taking the time to consider these important issues. If you would like to discuss any aspect of our comments, please contact me or ETA Executive Vice President Scott Talbott at [Stalbott@electran.org](mailto:Stalbott@electran.org).

Respectfully Submitted,



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