



## Alaska Uniform Money Transmission Modernization Act HB 86/SB 84 (33<sup>rd</sup> Legislature) White Paper

**OVERVIEW:** This legislation amends and modernizes the Alaska Uniform Money Services Act (“Act”) (AS 06.55). The Act provides the legal framework for money transmission functions, including currency exchange, transfer (or wiring) of money, and loading and reloading of payment instruments including stored-value cards. When passed in 2007, the Act did not contemplate virtual/crypto currencies like Bitcoin or the rate of money service business expansion. This legislation updates the licensing, recordkeeping, and enforcement provisions to support these business activities and protect Alaska consumers.

**Reduces regulatory burden by streamlining initial licensing and license renewal** using the Nationwide Multistate Licensing System and Registry (“NMLS”) for submitting license applications, filing documents, reporting, and payment of fees. The bill removes the currency exchange license type and adds currency exchange to the definition of money transmission so only one license is needed.

**Protects Alaska consumers by conducting criminal background checks through the NMLS** on individuals who control a money transmission business. (Note: background checks are currently conducted by the Division of Banking and Securities staff using a third-party software application.)

**Ensures regulatory costs of supervision keep pace with growth** by allowing implementation of a volume based annual assessment. Licensees will be required to report money transmission volume which will ensure licensees are treated fairly and equitably based on the level of volume/business conducted in the state.

**Broadens the definition of money transmission** in statute to include virtual currency transactions and other methods of moving or transferring monetary value to better protect Alaskans. As of January 2024, 18 states have adopted some form of the Model Law and ten have introduced bills this year.

### **Enhances Consumer Protection**

- Requires licensees to comply with federal laws, including suspicious activity reporting.
- Increases the record retention schedule to five years for greater transparency.
- Updates enforcement provisions by allowing a broader spectrum of orders to be issued.
- Ensures the division can coordinate with other states in all areas of regulation, licensing, and supervision to reduce regulatory burden on the industry and more effectively utilize regulator resources.
- Defines crypto/virtual currency money transmission activities and allows regulation of those activities to protect Alaska consumers.

### **Alaska Money Transmission Volume and Transaction Growth**

\*Total includes money transmission, payment instruments, stored value, and virtual currency

	<b>Total*</b>	<b>Virtual Currency</b>	<b>% of Virtual Volume</b>	<b># of Total* Transactions</b>	<b># of Virtual Currency Transactions</b>
2022	\$ 5,835,715,744	\$ 623,988,882	10.69%	31,087,859	1,956,704
2021	\$ 7,140,117,146	\$ 1,945,325,597	27.2%	28,613,973	3,283,291
2020	\$ 2,823,728,053	\$ 91,717,781	3.25%	18,456,585	259,635
2019	\$ 1,681,573,000	\$ 33,603,484	1.99%	10,548,048	84,719

<b>Money Transmitter/ Currency Exchange Licenses</b>	<b>CY2022</b>	<b>CY2021</b>	<b>CY2020</b>	<b>CY2019</b>	<b>CY2018</b>	<b>CY2017</b>
	168	153	136	113	111	91

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