

Alaska Uniform Money Transmission Modernization Act

HB 408 SB 238: 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 rates 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 CLEAR, 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 to include virtual currency transactions and other methods of moving or transferring monetary value to better protect Alaskans. As of March 2022, 28 states regulate virtual currency.

Enhances Consumer Protection

- Requires licensees to comply with federal laws, including suspicious activity reporting.
- Increase the record retention schedule to five years for greater transparency.
- Update enforcement provisions by allowing a broader spectrum of orders to be issued.
- Ensure 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.
- Define crypto/virtual currency money transmission activities and allow regulation of those activities to protect Alaska consumers.

Alaska Money Transmission Volume/Growth			
	Total*	Virtual Currency	% of Virtual
2021	\$7,113,784,000	\$2,312,661,000	32.51%
2020	\$2,820,331,000	\$91,773,000	3.25%
*Total includes money transmission, payment instruments, stored value, and virtual currency			

Money Transmitter/ Currency Exchange Licenses	CY2021	CY2020	CY2019	CY2018	CY2017
	153	136	113	111	91

For questions or additional information, please contact DCCED Division of Banking and Securities Director Robert H. Schmidt at (907) 269-5496, (907) 317-3558, or rob.schmidt@alaska.gov.