

May 5, 2020

The Honorable Laurie Halverson  
Chair, Minnesota House Commerce Committee  
503 State Office Building  
St Paul, MN 55155

**RE: H 3904 – ETA Comments – Fighting Fraud in Money Transmission**

Dear Representative Halverson:

The Electronic Transactions Association (“ETA”) appreciates the opportunity to provide comments in support of H 3904 and the steps it takes to protect Minnesota consumers. The payments industry makes dedicated efforts to use innovation to fight fraud and ensure that consumers have access to safe, convenient, and affordable payment services. ETA and its members strongly support legislation that allows businesses to use the tools at our disposal to protect citizens and the payments network in accordance with current Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) regulations.

ETA is the leading trade association for the payments industry, representing over 500 payments and financial technology (“FinTech”) companies that offer electronic transaction processing products and services and commercial loans, primarily to small businesses. During 2019 in North America alone, ETA members processed over \$7 trillion in consumer purchases. ETA members include financial institutions, payment processors, FinTech companies, and all other parts of the payments ecosystem.

House File 3904 amends Minnesota money transmitter law in three critical ways: First, by allowing funds to be held longer than 5 days, the amendment gives money transmitters the time and opportunity to do their due diligence in protecting Minnesota citizens from fraudulent schemes or money-laundering attempts – a task that could be difficult to accomplish in 5 days to the highest standards demanded by the industry and the federal BSA/AML laws with which money transmitters must already comply. The task of protecting the public is even more important in times like these, when fraudsters and bad actors will not hesitate to use the confusion and desperation caused by COVID-19 to prey on consumers and the increase in electronic commerce driven by safety and welfare responses.

Second, the amendments in H 3904 bring Minnesota money transmitter laws into greater harmony with other states such as Washington and California. Each state controls its own money transmitter laws and businesses often must comply with a varied patchwork of such laws to do business across the United States. The industry applauds any effort to bring harmonization to these laws, as it makes compliance and business easier, more efficient, and therefore more useful to the citizens who rely on these services.

Finally, the bill will accomplish the goal of providing increased transparency and accountability to money transmission customers. By requiring money transmitters to respond to inquiries as to why funds were held or transmissions were not delivered, the law will give consumers the tools they need to ensure that business are good stewards of the services they provide – and have peace of mind that their funds are in safe hands.

Thank you for the opportunity to participate in the discussion on H 3904. If you have any additional questions, you can contact me or ETA Senior Vice President, Scott Talbott at [stalbott@electran.org](mailto:stalbott@electran.org).

Sincerely,



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