

Massachusetts Adopts the Model Money Transmission Modernization Act, Joining 25 Other States

Alert

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With the passage of [H.B. 4840](#) (the Act), the Commonwealth of Massachusetts becomes the 49th state to regulate domestic money transmission and repeals the existing money transmission law, which solely regulated foreign consumer money transmission. The Act takes effect on Jan. 1, 2026.

The Act replaces the prior act with the Model Money Transmission Modernization Act (MMTMA), which is a model law developed by the Conference of State Bank Supervisors (CSBS) to unify the state licensing framework for money transmitters nationwide, and regulates both foreign and domestic money transmissions. Massachusetts has become the 26th state to adopt the MMTMA, in whole or in part, since the CSBS put forth the MMTMA for consideration by state legislatures in 2021.

Similar to other states, Massachusetts will now regulate domestic money transmission, with the Act defining “money transmission” as:

- Selling or issuing payment instruments or stored value to a person located in Massachusetts.
- Receiving money for transmission from a person located in Massachusetts.

Notably, the Act diverges from the MMTMA’s definition of “money transmission” and retains the prior act’s exclusion on commercial transactions. “Money transmission” under the Act only includes transactions engaged in by a person for personal, family or household purposes. With this variation, Massachusetts remains one of five states that solely regulates consumer transactions.

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Entities who were not required to be licensed under Massachusetts' previous law regulating foreign consumer money transmissions, but who now must be licensed to provide domestic money transmission services to consumers, must file an application for a license with the Massachusetts Division of Banks and should monitor guidance from the Division on the application deadline. The Act specifies that persons that submit an application by that date may continue to engage in money transmission activities in Massachusetts without a license until their application has been approved, withdrawn or denied.

Exemptions under the Act include:

- A person appointed as an agent of a payee to collect and process a payment from a payor to the payee for goods or services, other than money transmission itself, provided to the payor by the payee, under certain conditions set forth in the Act.
- A person acting as an intermediary by processing payments between an entity that has directly incurred an outstanding money transmission obligation to a sender, and the sender's designated recipient, under certain conditions set forth in the Act.
- A person expressly appointed as a third-party service provider to or agent of a financial institution exempt from the Act (such as a federally insured depository institution), also under certain conditions set forth in the Act.

Other key provisions of the Act include:

- Requirements pertaining to the maintenance of tangible net worth in accordance with the licensee's total assets.
- Establishment of permissible investments deemed to be of sufficient liquidity and quality and requirements pertaining to consumer refunds.
- Changes in the calculation of surety bonds amounts.
- Revisions to requirements regarding the provision of transaction receipts to senders and the timely transmission of funds.

Companies subject to the revised scope of the Act will need to monitor for further guidance from the Massachusetts Division of Banks on the timing of applications for a license under the new Act.

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