

Wisconsin Adopts Model Money Transmission Modernization Act, Joining 19 Other States

Alert

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On April 4, 2024, the State of Wisconsin enacted S.B. 668 ([the Act](#)), repealing the state's existing Seller of Checks Act, which solely regulated money transmitters with a physical presence in Wisconsin, and replacing the prior act with the Model Money Transmission Modernization Act (MMTMA), a model law developed by the Conference of State Bank Supervisors (CSBS) in 2021 to unify the state licensing framework for money transmitters nationwide. The Act takes effect on January 1, 2025.

With the passage of the Act, Wisconsin has become the 20th state to adopt the MMTMA, in whole or in part, since the CSBS put forth the MMTMA for consideration by state legislatures in 2021. Several other states currently have pending legislation that would align their existing money transmission acts with the MMTMA.

Significantly, Wisconsin's prior law regulating money transmission, the Seller of Checks Act, had been interpreted by the Wisconsin Department of Financial Institutions to apply only to money transmitters which had a physical corporate location in Wisconsin or which offered money transmission services through a physical location in the state. Wisconsin was the only remaining U.S. state to take such a position; other states and some U.S. territories apply their money transmission law to entities conducting business solely online.

Under the Act, money transmitters that do not have a physical presence in Wisconsin, but provide money transmission services to Wisconsin residents, will now be required to obtain a money transmission license in the state. The Act defines "money transmission" as selling or issuing payment instruments or stored value to a person located in Wisconsin or receiving money for transmission from a person located in Wisconsin.

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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 expressly appointed as a third-party service provider to or agent of an entity that is exempt (such as a bank), also under certain conditions set forth in the Act.

OTHER KEY PROVISIONS OF THE ACT INCLUDE:

- Changes in calculation of tangible net worth requirements and calculation of surety bond amounts.
- Establishment of permissible investments deemed to be of sufficient liquidity and quality.
- Provisions relating to timely transmission of funds and customer refunds.
- Requirements regarding the provision of transaction receipts to senders.

Companies potentially subject to the revised scope of Wisconsin's Act will need to monitor further guidance from the Wisconsin Department of Financial Institutions on the timing of applications for a license under the new Act.

For more information on the scope of the Model Money Transmission Modernization Act, please contact [Heidi Wicker](#), [Audrey Carroll](#) or one of the attorneys listed below or the Stinson LLP contact with whom you regularly work.

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