



STATE OF INDIANA

DEPARTMENT OF FINANCIAL INSTITUTIONS

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The Indiana Department of Financial Institution's Guidance on Licensure under the new Model Money Transmission Modernization Act

On May 4, 2023, Governor Holcomb signed SEA 458, the Model Money Transmission Modernization Act ("MTMA"), into law. The Indiana General Assembly adopted the Conference of State Bank Supervisors' (CSBS) endorsed model act with a few modifications, which may be found on the DFI's [website](#). The MTMA goes into effect in Indiana **on January 1, 2024**.

Below is a guide aimed at assisting entities in determining whether they need a license under Indiana's MTMA. Indiana's previous money transmission statute considered money transmission for personal, family, or household purposes to require a license. The new definition under the MTMA expands upon that definition to include business purpose money transmission.

Do I need an Indiana Money Transmission License?

The MTMA, pursuant to IC 28-8-4.1-201(19), defines Money Transmission as any of the following:

- (A) Selling or issuing payment instruments to a person located in Indiana.
- (B) Selling or issuing stored value to a person located in Indiana.
- (C) Receiving money for transmission from a person located in Indiana.

The term does not include the provision of solely online or telecommunications services or network access.

Licensure under the MTMA will be required beginning **on January 1, 2024**. Applicants working toward licensure and compliance will have until June 30, 2024, to confirm submission of a completed application with the Department. Entities should submit a license application as soon as they determine the need for licensure and not wait until January 1, 2024, to apply. While the Department will work diligently with applicants during the six-month grace period, any late or incomplete applications submitted after June 30, 2024, will be considered delinquent.

If you already have an Indiana Money Transmission License, you do not need to reapply for a new license under the new law; however, the requirements of IC 28-8-4.1 will apply to all money transmission licensees on January 1, 2024. Further, current licensees are still required to submit their annual renewal as previously required; the license renewal timeline and process have not changed. We encourage current Licensees to review the new requirements for compliance and make any necessary adjustments to ensure compliance on January 1, 2024, as soon as possible.

Entities who are currently engaged in money transmission in Indiana but have not previously needed a license and will need one once the MTMA takes effect, may apply at any time prior to January 1, 2024. A member of the Department's licensing staff will work with entities to process applications throughout 2023, but licenses will not be approved in NMLS until January 1, 2024.

If you are currently seeking a license under Indiana's current Money Transmission Act, we encourage you to work toward completing the new MTMA checklist on NMLS to ensure you will qualify for licensure after January 1, 2024.

Items to Note

Payroll Processing. If your business engages in "payroll processing" be advised that the Indiana General Assembly removed specific language relating to the licensure of payroll processors from Indiana's MTMA. At this time, typical payroll processing activity will not be considered licensable activity. If you have questions about your entity's business model and whether it is considered payroll processing or needs a license, please reach out to the Department's licensing staff with your questions.

Bill Pay Services. If your business engages in activity that is considered "bill pay services," review the definition of money transmission under IC 28-8-4.1-201(19) and assess whether your entity requires a license under the MTMA. Note that the MTMA includes an agent of the payee exception in IC 28-8-4.1-301(14) and entities should review that exception in reviewing their business model. The Department had previously provided licensing opinions to some entities that engaged in activity considered to be "bill pay services," indicating that licensure was not necessary. If you were previously advised that your bill pay service business did not require a license, that opinion is not applicable under the MTMA, and you should complete a review of your business plan to determine whether your entity requires a license on January 1, 2024. A grace period of six (6) months will be extended to entities that are working towards licensure.

Jail or Prison Commissary Account Providers. If your business engages in money transmission for jail or prison commissaries, review the definition of money transmission under IC 28-8-4.1-201(19) and assess whether your entity requires a license under the MTMA. The Department had previously not licensed jail or prison commissary account money transmitters. However, that exemption is no longer applicable under the MTMA, and those entities should complete a review of their business plan and flow of funds to determine whether it requires a license on January 1, 2024. A grace period of six (6) months will be extended to entities working towards licensure.

Virtual Currency. Indiana did not adopt the virtual currency portion of the MTMA and did not include the transmission of virtual currency in its regulation. However, if the entity's business model includes the transmission of fiat currency, the entity may be engaged in licensable money transmission activity and may need a license. Please review your business model, and if you have any questions, please contact the Department's licensing staff.

In addition to the above, there are several statutory exceptions to licensure listed at **IC 28-8-4.1-301** that are similar to Indiana's current exemptions. If you have questions about whether you fit into an exception, please see IC 28-8-4.1-301. Entities are encouraged to review the MTMA to determine if they need a license. If you have questions, please contact the Department at the contact information below.

All applications may be submitted via the [Nationwide Multistate Licensing System](#). We encourage entities who need a license to apply before the January 1, 2024, effective date and for all current licensees to review the MTMA to ensure their compliance upon the same. Note that changes include, but are not limited to, surety bond amounts, tangible net worth requirements, and permissible investments. Please let us know if you have any questions or need assistance. You may reach us at the contact information below.

Department Contact Information

Licensing Staff: licensing@dfi.in.gov

Legal Staff: legal@dfi.in.gov

Additional Information

[DFI Money Transmission Modernization Act Adoption Guidance including Indiana's modifications to the model act](#)

[CSBS MTMA Helpful Links](#)

[CSBS MTMA FAQs](#)