

MONEY SERVICES BUSINESSES: FEDERAL DEFINITIONS / REQUIREMENTS

Federal Requirements

The Bank Secrecy Act (BSA) requires certain MSBs to register with the Financial Crimes Enforcement Network (FinCEN). MSBs must comply with the registration, reporting, recordkeeping, and anti-money laundering program requirements contained in regulations promulgated pursuant to the BSA.

Definition of an MSB

The term “money services business” (MSB) includes any person doing business, whether or not on a regular basis or as an organized business concern, as a:

- Money transmitter- always an MSB, size of transactions does not matter
- Check casher – if cashing a check or checks over \$1,000 in one 24 hour period for one person
- Issuer of traveler’s checks, money orders or stored value – if issue more than \$1,000 to one person in one day
- Seller or redeemer of traveler’s checks, money orders or stored value – if sell more than \$1,000 to one person in one day
- Currency dealing or exchange – more than \$1,000 per person per day

An activity threshold of greater than \$1,000 per person per day in one or more transactions applies to the definitions of: currency dealer or exchanger; check casher; issuer of traveler's checks, money orders or stored value; and seller or redeemer of travelers' checks, money orders or stored value. The threshold applies separately to each activity -- if the threshold is not met for the specific activity, the person engaged in that activity is not an MSB on the basis of that activity.

No activity threshold applies to the definition of money transmitter. Thus, a person who engages as a business in the transfer of funds is an MSB as a money transmitter, regardless of the amount of money transmission activity.

If a check casher has a policy that restricts the dollar amount of checks cashed per person per day to under \$1,000, then that business is not an MSB under BSA regulations and would not have to have an Anti-Money Laundering Policy or register with FinCEN as an MSB.

The transaction of over \$1,000 for one person in one day includes transactions in currency or other instruments. For purposes of BSA regulations, a “monetary instrument” includes, among other things, money orders. Therefore, an entity that provides a customer with money orders, or a combination of currency and money orders, in exchange for a check, in an amount greater than \$1,000 on any day in one or more transactions, must comply with BSA regulations applicable to check cashers including registration with FinCEN, recordkeeping, reporting, and anti-money laundering compliance program requirements.

MSB Registration Requirement

- If you match one of the definitions above, you must register as an MSB with FinCEN and therefore you must have an Anti-Money Laundering Policy. Refer to http://www.fincen.gov/financial_institutions/msb/msb.registration.html for further information.

Exception:

Solely an Agent. A business that is an MSB **solely** because it serves as an agent of another MSB is **not** required to register. In other words, if you only sell money orders as an agent, you do not need to register. However, a business that is an MSB because it engages in MSB activities (above), both on its own behalf **and** as an agent of another MSB, must register. And whether you register or not, you need an Anti-Money Laundering Policy as required by FinCEN.

Example: A supermarket corporation that acts as an agent (as a seller of money orders) for an issuer of money orders, and performs no other services of a nature and amount that would cause the supermarket corporation to be an MSB, is not required to register. This is true even if the supermarket corporation serves as an agent for two or more MSBs. However, the supermarket corporation will have to register if, in addition to acting as an agent of the money order issuer, it provides check cashing or currency exchange services (other than as an agent for another MSB) in an amount greater than \$1,000 for any person on any day in one or more transactions.

Resources and Other Information

FinCEN's website for MSBs: http://www.fincen.gov/financial_institutions/msb/

The website provides helpful information about MSBs and the BSA requirements that apply, including free information and brochures that can be ordered online or sent to FinCEN by mail or fax.

Consumer Financial Protection Bureau (CFPB): <http://www.consumerfinance.gov/prepaid-rule/>

This section of the CFPB's website discusses the rule on prepaid accounts.

Georgia Department of Banking and Finance
2990 Brandywine Road, Suite 200
Atlanta, GA 30341-5565
msb@dbf.state.ga.us