November 2, 2026

The Honorable Josh Stein
Governor
20301 Mail Service Center
Raleigh, NC 27699

The Honorable Katherine M.R. Bosken
Commissioner of Banks
4309 Mail Service Center
Raleigh, NC 27699

Re: Concerns with Money Transmitters Act Modernization Proposal

Dear Governor Stein and Commissioner Bosken:

On behalf of the American Fintech Council (AFC),[1] I am writing to express our concerns regarding the North Carolina Office of the Commissioner of Banks' (NCCOB) proposal regarding the Money Transmitters Act.

AFC is the largest and most diverse trade association representing financial technology (fintech) companies and innovative banks. As a standards-based organization and behalf of nearly 175 member companies and partners, our mission is to promote a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC members foster competition in consumer finance and pioneer products to better serve underserved consumer segments and geographies.

AFC has consistently advocated for a unified approach to regulation that encourages responsible innovation in financial services. Particularly, AFC has worked closely with the Conference of State Bank Supervisors (CSBS) and industry associations to encourage the modernization of money transmission laws throughout the country though the passage of the CSBS' Model Money Transmission Modernization Act (MTMA)[2]. Given the strong alignment between CSBS and AFC on the importance of establishing a unified regulatory approach to the historically disparate

[1] American Fintech Council's (AFC) membership spans banks, non-bank lenders, payments providers, EWA providers, loan servicers, credit bureaus, and personal financial management companies.

[2] American Fintech Council, "LA: AFC Letter in Support of HB 1230," April 10, 2026, https://www.fintechcouncil.org/advocacy/la-afc-letter-in-support-of-hb-1230; American Fintech Council, "MI: AFC Support Letter for MI HB 5544," March 3, 2026, https://www.fintechcouncil.org/advocacy/mi-afc-support-letter-for-mi-hb-5544.

and conflicting money transmission laws, AFC has championed the passage of the MTMA, largely as drafted by CSBS, across the country.

AFC appreciates the NCCOB's interest in modernizing the state's money transmission law. However, we have several concerns about the North Carolina proposal. Specifically, the proposal selectively incorporates provisions of the AFC-supported MTMA but falls well short of full adoption—undercutting the original intent of the MTMA.[3] The most consequential departures from the model legislation concern

- Scope of the legislation[4]
- Net worth and bonding requirements[5]
- Permissible investments[6]

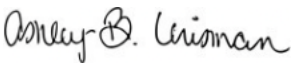
Given AFC's membership, we are particularly concerned about the impact that Sec. 53-208.48(a) would have on consumers using fintech companies for money transmission. Simply put, requiring licensees to "maintain both legal and equitable title to unencumbered permissible investments..." is inconsistent with the operations of "for benefit of" (FBO) accounts and FDIC-pass through insurance of the balances held therein.[7] If passed as drafted, this provision would result in bank-fintech partnerships that operate FBO accounts to no longer being able to provide FDIC pass through insurance to customers in North Carolina since FDIC pass through insurance is only available when beneficial ownership remains with the customer.[8] Further, this provision would represent a wholly novel approach to money transmission laws and FDIC insurance that would make it conflict with existing federal and state requirements for licensees. In turn, this would leave customer funds at a severe risk and would inherently disadvantage fintech companies seeking to offer safe and affordable financial services to North Carolina consumers. Currently, state legislatures around the country have been diligently working to pass and implement the above-mentioned Conference of State Bank Supervisors' model MTMA, AFC has supported this model legislation due to its pragmatic approach towards modernizing the complex payments regulatory ecosystem. Thus far, over 25 states have enacted the MTMA.[9] North Carolina's MTA proposal falls short of this model legislation in ways that make it fundamentally incongruent with the intent of the model MTMA—to ensure that money transmission licensing frameworks became substantially similar between states.

AFC remains committed to partnering with the North Carolina Office of the Commissioner of Banks in crafting legislation that reflects the realities of the modern payments ecosystem and ensures that the North Carolina economy and consumers are best served.

Sincerely,

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[3] CSBS intent https://www.csbs.org/csbs-money-transmission-modernization-act-mtma
[4] § 53-208.42 and § 53-208.44
[5] § 53-208.47
[6] § 53-208.48
[7] 53-208.48(a)
[8] https://www.fdic.gov/financial-institution-employees-guide-deposit-insurance/pass-through-deposit-insurance-coverage
[9] Ibid.



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