

The Licensing Edge U.S. Money Transmission Strategy

A TransBridge Advisors White Paper

TransBridge Advisors has guided payment companies through the U.S. licensing landscape at every stage — from market entry decisions to multi-state regulatory programmes that support direct banking relationships and institutional growth. This playbook distils that experience into a practical framework: what U.S. money transmission licensing requires, what it unlocks commercially, and how a well-structured programme is executed from strategy through to approval.

50+

Fintechs guided

51

Jurisdictions covered

01	The Landscape — What You're Actually Dealing With
02	Do You Even Need an MTL?
03	What MTLs Unlock — The Real Upside
04	What It Actually Takes to Get Licensed
05	How We Work — Our Licensing Process
06	MTLs and Sponsor Banks
07	The Investment — Fees & Timelines
08	Why TransBridge

The U.S. money transmission market is one of the most valuable payment corridors in the world — and one of the most fragmented to licence. Getting this right is the difference between building a serious payment business and permanently depending on someone else's regulatory infrastructure.

There is no single national money transmitter licence in the United States. Unlike the UK's FCA authorisation or Australia's AFSL, a single approval doesn't cover you. Every state operates its own Money Transmission Act, its own regulator, its own capital requirements, and its own examiner. **50 states plus D.C. — each one a separate regulatory relationship.**

At the federal level, any business transmitting money must register with FinCEN as a Money Services Business under the Bank Secrecy Act. That registration is mandatory and establishes your AML obligations — but it doesn't authorise you to operate in any state, and it won't open a banking relationship. **It's the floor, not the ceiling.**

The opportunity: You don't need all 50 states to build a serious U.S. business. You need the right states, in the right order, with the right compliance infrastructure behind them. That's precisely what a well-structured licensing programme delivers.

Businesses that typically require money transmitter licensing:

- Cross-border and domestic remittance platforms
- Digital wallets and stored value programmes
- B2B payables and treasury flow businesses
- Digital asset transmission models
- Retail and corporate FX providers
- Payment facilitators (PayFac) and PSP settlement models
- Bill payment and disbursement services
- Marketplace settlement and payout networks

A note on digital assets:

States are actively bringing digital asset activity — stablecoin transfers, crypto on/off ramps, digital asset disbursements — under existing MTL frameworks rather than creating separate regimes. If digital assets are any part of your product, assume you are in scope and build your licensing strategy accordingly.

This is the question most operators get wrong — either assuming they need one when they don't, or assuming they don't when they do. The trigger isn't your product category. It's control of funds.

If money flows through your entity — received, held even briefly, and directed by you — you are almost certainly in scope. If you are a pure software layer and funds move directly between your customers and a licensed counterparty without touching you, you may not be. The analysis is structural, not product-based, and it matters because two companies with identical products can sit on opposite sides of this line depending entirely on how their funds flow is designed.

You need an MTL if you:

- Receive funds directly from customers
- Hold funds, even briefly in transit
- Control where customer money goes
- Execute payment instructions as principal

You likely don't if you:

- Only provide software — funds never touch you
- Operate as agent under a licensed entity
- Have no access or control over customer funds

Structure determines everything. Getting this wrong is expensive — in either direction.

What about the FBO structure?

Some operators use a For Benefit Of (FBO) account as an alternative to direct MTL licensing — the bank holds the funds, the fintech provides payment instructions, and because banks are separately regulated, the state MTL requirement doesn't apply to the fintech directly. It has been a legitimate and widely used structure.

That position is shifting. In 2026, state regulators are increasingly flagging FBO structures as vehicles for MTL evasion — and they can pursue the fintech directly, without the bank being in scope. The determining factor is the quality of the bank's ongoing oversight. A bank that opens an account and steps back gives regulators exactly the opening they are looking for. If you are operating under an FBO structure today, have an MSB analysis on file and ensure your bank partner has genuine, documented oversight of your programme. **Treat it as a bridge, not a destination.**

Where we start with every client: A structural analysis that maps exactly how funds flow through your entity. It removes the guesswork — and it's the foundation every licensing and commercial decision is built on.

In April 2024, Synapse Financial — the middleware layer sitting between thousands of fintech applications and their sponsor banks — filed for bankruptcy. What followed was not an orderly wind-down. It was a freeze.

Users could not access their funds. Balances appeared inconsistent across platforms. Accounts were locked while the bankruptcy court, the sponsor banks, and Synapse's administrators attempted to reconcile ledgers that didn't agree with each other. Evolve Bank publicly stated that Synapse's records did not reconcile with its own underlying transaction data. No one would release funds until the correct balances could be proven — and proving them took months.

The root cause was not the bankruptcy itself. It was structural. Synapse controlled the API orchestration, the account logic, and the sub-ledger tracking — but held no bank charter and had no sovereign regulatory standing. When the middle layer failed, there was no regulatory framework to step in and protect users. The fintechs above it couldn't move. The banks below it wouldn't release funds. Everyone was exposed.

This is what structural dependency risk looks like when it crystallises. Not a fine. Not a regulatory notice. A complete operational freeze — with your customers caught in the middle.

Most operators think about MTLs as a compliance cost. The ones who've built serious payment businesses treat them as a commercial move. Here's what actually changes when you get licensed.

■ **You stop depending on someone else's licence.**

Revenue share, their product decisions, their risk appetite — all of that goes away the moment you hold your own approvals. You control your own destiny.

■ **You qualify for the Reliance Model.**

Once you hold MTLs and have a functioning compliance programme, your bank or fintech partner can hand full control of the compliance layer to you — KYC, KYB, transaction monitoring, AML design. You run your own infrastructure with their banking relationship sitting above it. That's a completely different commercial position.

■ **Your sponsor bank conversation transforms.**

Three state licences in hand changes the room. Regulators have already reviewed your business and decided it's worth supervising. Banks notice that. More in Section 07.

■ **Your margins improve materially.**

No programme manager taking a cut. At volume, the FX margin and interchange economics of a direct bank relationship are significant. The compliance cost pays back.

■ **You become harder to compete with.**

Most fintechs in your space are still under someone else's licence. Three to five of your own MTLs — approved in 3–4 months — already puts you ahead of most. You don't need national coverage to build a real lead. You need the right states and the track record that makes every next conversation go differently.

In October 2024, Stripe acquired Bridge for a reported \$1.1 billion. Bridge was a stablecoin infrastructure company — focused narrowly on programmable settlement, institutional on/off ramps, and cross-border payment orchestration. It was not a consumer banking platform. It had not tried to be everything. And it held state money transmission licences.

That last point was not incidental to the acquisition. It was central to it. Stripe was buying into stablecoin infrastructure at the moment stablecoins were becoming strategically important for cross-border payments. Bridge had already done the compliance work — the licensing, the AML programme, the regulatory positioning. For Stripe, that meant faster expansion with reduced regulatory uncertainty and no need to build the licensing foundation from scratch.

Licensing reduced uncertainty. Reduced uncertainty increased valuation. The compliance infrastructure that might have looked like a cost centre on Bridge's P&L became a material component of the acquisition price.

This is what licensing looks like when it's treated as a strategic asset. Not a compliance checkbox — a structural advantage that made Bridge worth more to a larger acquirer than it would have been without it.

The filing fee listed on a state's website is the smallest part of what this costs. The deeper reality is that getting licensed means entering a supervisory relationship — and regulators will evaluate every aspect of your business before they say yes.

The surety bond is the first real test.

Every state requires one. Bond amounts range from **\$10,000 to \$1,000,000** depending on your volume, business model, and jurisdiction — and they increase as your volumes grow. The annual premium is typically **1% to 5% of the bond amount**, underwritten by a third-party carrier based on your financials and creditworthiness. Applications stall here more often than anywhere else. If your financials aren't in order before you file, the bond underwriting fails — and nothing moves until it doesn't.

Your compliance programme will be tested, not just reviewed.

Regulators want to see a programme that actually operates — transaction monitoring running in production, OFAC screening across all your rails, functioning SAR processes, and staff who can demonstrate they understand their obligations. Submitting a policy document that was written for the application and never implemented is one of the most common reasons companies struggle through examinations. Examiners know the difference immediately. We build compliance programmes designed to pass scrutiny, not just satisfy a checklist.

Your people will be investigated.

Every beneficial owner, executive, and director goes through background checks, fingerprinting, credit history review, and litigation disclosure. Some regulators probe directly on relevant experience and the governance structure behind the business. This isn't procedural — regulators are deciding whether they trust the people running this entity with customer funds.

Approval is the beginning, not the end.

Licensed entities carry ongoing obligations: annual reports, call reports, examinations, change notifications. Some states schedule their first examination within twelve months of approval. Operators who treat the licence as a finish line — and go quiet once they have it — tend to face difficult examination outcomes. The ones who build lasting regulatory credibility treat their state supervisors as an ongoing relationship.

What TransBridge handles: Every element above — bond coordination, compliance programme design, background package preparation, examiner correspondence, and ongoing maintenance. You focus on building your business. We make sure the regulatory infrastructure is solid behind you.

Four phases. Every engagement. Designed to move fast, avoid the rework that kills timelines, and build compliance infrastructure that holds up when a regulator looks at it — not just when we submit it.

Phase 1

Structural Analysis & Strategy

Before anything gets filed, we map how funds flow through your business and establish your precise licensing scope. We identify which states matter for your model, which tier fits your timeline and budget, and what your compliance programme needs to look like before any application goes out. This includes a sequenced 24-week rollout plan — starting with early-win states that approve in 3–4 months, building the credibility that unlocks expansion into higher-scrutiny jurisdictions. Operators who skip this and file straight into New York or California regret it. We don't let that happen.

Outcome: *A sequenced licensing roadmap aligned to your business model and sponsor bank strategy.*

Phase 2

Application Readiness

This is where most advisory firms cut corners. We prepare every element of your application — business plan, flow-of-funds narrative, AML/BSA programme, KYC/KYB policies, sanctions screening, and governance materials — plus the supporting requirements that trip up unprepared applicants: surety bond underwriting, background checks, fingerprinting, and net worth documentation. Critically, we build your compliance programme to pass an examination, not just clear an application checklist. Regulators can tell the difference immediately.

Outcome: *Complete, well-structured applications that move faster and land with credibility.*

Phase 3

Filing & Regulator Engagement

We manage submissions across NMLS, state portals, and physical filings — coordinated as a single, consistent programme. The narrative you present in Wyoming must be consistent with what New York sees eighteen months later. Regulators compare notes across multi-state applicants. Where pre-application engagement is available — and in some states, like Texas, it's expected — we use it.

Outcome: *Coordinated submissions with a consistent regulatory posture across every jurisdiction.*

Phase 4

Review Management & Post-Approval

Submission starts the regulatory relationship — it doesn't end it. We manage all examiner correspondence, information requests, and deficiency responses, drafted to reinforce your credibility rather than just answer the question. Once approvals land, we handle post-licensing obligations: annual reports, call reports, renewal coordination, and examination preparation. We don't disappear when the licence arrives.

Outcome: *Faster approvals, stronger examiner relationships, and an organisation ready for what comes next.*

This is the part of the conversation that genuinely surprises most founders — and it's the part I find most satisfying to explain.

You might assume that sponsor bank conversations are purely about your product, your volume projections, and your AML programme. All of that matters. But when I've sat in on bank risk committee reviews, the single question that comes up more than any other is: ***has this operator been supervised by someone other than us?***

State licensing answers that question directly. When you walk into a bank conversation with three to five state MTLs, you're not just a payment company looking for a banking relationship. You're a regulated entity that has already been examined, demonstrated compliance readiness to independent regulators, and built the governance infrastructure the bank needs to rely on.

The practical difference is significant. With a licensed footprint, banks can place reliance on your KYC and KYB controls rather than duplicating them. The onboarding friction drops. The risk committee conversation shifts from 'can we take this on?' to 'how do we structure this?' That is a completely different negotiation.

The four-step path to sponsor bank activation:

Step 1	Build credibility first	3–7 foundational MTLs, sequenced for your corridors and customer profile.
Step 2	Arrive with evidence, not promises	Completed licences, regulatory engagement history, and a clear flow-of-funds story.
Step 3	Enter formal underwriting	Move from exploratory conversations to the bank's risk committee with the hard questions already answered by your regulatory track record.
Step 4	Scale together	Continue Phase 2 and 3 licensing alongside the bank relationship — each reinforces the other throughout your growth curve.

There are three cost layers to understand when budgeting a U.S. licensing programme. I want to be clear about each one — because conflating them is where most cost estimates go wrong.

1

State Government Filing Fees

One-time fees paid directly by you to the state regulator at the time of application. These do not recur. They are your entry ticket to each jurisdiction and are listed in the table below. TransBridge does not mark these up — you pay the state directly.

2

Surety Bond Premiums

Every state requires a surety bond as a consumer protection measure. Bond amounts range from **\$10,000 to \$1,000,000** depending on your transaction volume, business model, and state requirements. You pay an **annual premium of 1–5% of the bond amount** to a third-party bond carrier — the exact rate depends on your creditworthiness and financial profile. Bond amounts may increase as your volumes grow. This is a recurring annual cost and is paid directly to your bond provider.

3

TransBridge Engagement Fee

Our fee covers the complete licensing programme: strategy and sequencing, all application preparation and submission, regulator correspondence, compliance programme design, and surety bond coordination. This is quoted as a fixed fee per engagement — scoped to your specific target states and business model — with no hourly billing and no surprises. Contact us to receive a tailored proposal.

TransBridge Engagement Fees — Reference Table

The fees below are TransBridge's engagement fees per state. Government filing fees, surety bond premiums, and other third-party costs are separate and will be detailed once your engagement begins.

State	Engagement Fee	Review Time	Tier
Alabama	\$10,000	3–4 months	III
Alaska	\$10,000	3–4 months	III
Arizona	\$15,000	4–6 months	II
Arkansas	\$6,000	3–4 months	III
California	\$35,000	12–18 months	I
Colorado	\$22,000	4–6 months	II

Connecticut	\$14,000	3–4 months	II
Delaware	\$15,000	4–6 months	II
Florida	\$15,000	4–6 months	II
Georgia	\$15,000	3–4 months	III
Illinois	\$20,000	4–6 months	II
Maryland	\$13,000	3–4 months	III
Massachusetts	\$8,000	4–6 months	II
Michigan	\$18,000	9–12 months	I
Nebraska	\$9,000	3–4 months	III
Nevada	\$12,000	4–6 months	II
New Jersey	\$10,000	4–6 months	II
New York	\$40,000	12–18+ months	I
North Carolina	\$13,000	4–6 months	II
North Dakota	\$9,000	3–4 months	III
Pennsylvania	\$30,000	9–12 months	I
Texas	\$35,000	9–12 months	I
Vermont	\$11,000	3–4 months	III
Virginia	\$11,000	4–6 months	II
Washington	\$15,000	4–6 months	II
Wyoming	\$15,000	3–4 months	III

Tier I	Most complex — extended timelines, board-level governance, heightened examiner scrutiny (NY, CA, TX, PA, MI, HI)	Tier II	Moderate — standard timelines, operational compliance expected (FL, IL, MA, WA, NJ and others)	Tier III	Fastest approvals — efficient regulators, well-prepared applications approved in 3–4 months (WY, GA, CT, VT, ND and others)
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Fees shown are TransBridge engagement fees per state licence and do not include state government filing fees, surety bond premiums, or other third-party costs. Tier classifications reflect regulatory complexity and typical review timelines for well-prepared applications.

TransBridge is not a law firm billing five-figure monthly retainers on open-ended engagements. We're not a generalist advisory firm that does licensing as one of twenty service lines. We're a specialist team that has lived inside this process — built compliance programmes, managed examinations, sat in regulator meetings, and helped operators get to yes.

❖ **We sequence, not just submit.**

Anyone can file an application. The value is in knowing which states to approach first, what your compliance programme needs to look like before you file, and how to present your business in a way that builds regulator confidence. We've built this roadmap dozens of times. We know what works.

❖ **We build the infrastructure, not just the paperwork.**

Getting licensed is step one. Passing your first examination is step two. We design compliance programmes that function in production — because we know that's what regulators will look for when they show up. Our clients don't get surprised by examinations.

❖ **We understand your industry.**

Whether you're a cross-border payments business, a digital asset operator, a B2B treasury platform, or a consumer fintech — we understand how licensing fits into your specific operating model. That means the right entity structure, the right examiner narrative, and compliance infrastructure that actually reflects how your business works.

❖ **We align your licensing to your growth strategy.**

Licensing isn't just a compliance exercise — it's a commercial lever. Whether you're pursuing a sponsor bank relationship to unlock better economics and operational independence, or building a multi-state MTL footprint to increase enterprise value ahead of an exit, we structure the programme around where you're going — not just where you are today.

Let's talk about your licensing strategy.

The first conversation is always a no-obligation scoping call. We'll review your business model, tell you honestly which states matter for your situation, and give you a clear picture of what the programme looks like — timeline, cost, and what we'll handle. No generic proposals. No hourly billing. No surprises.