



Money Transmission Services Act - Amended (effective March 28, 2019)

The Money Transmission Services Act (MTSA), 2006 PA 250, MCL 487.1001 et seq., was amended by 2018 PA 573, effective March 28, 2019. The sections specifically amended are: Section 2, MCL 487.1002, Section 3, MCL 487.1003 and Section 4, MCL 487.1004. The introduced bill, public act, and bill analysis can be found at:

[http://www.legislature.mi.gov/\(S\(und4bg4oqaoesfvo4uo3ntoh\)\)/mileg.aspx?page=getObject&objectName=2017-SB-0729](http://www.legislature.mi.gov/(S(und4bg4oqaoesfvo4uo3ntoh))/mileg.aspx?page=getObject&objectName=2017-SB-0729)

Section 2, MCL 487.1002 of the MTSA
This section was amended as follows:

Additional Definitions

- (b) “**Agent of a payee**” means a person appointed by a payee to collect and process payments as the bona fide agent of the payee.
- (e) “**Closed-loop prepaid access**” means access to funds or the value of funds that is paid in advance, may be retrieved or transferred at some time in the future through a device or vehicle, and may be used only to acquire goods or services in transactions that involve 1 or more specific merchants or 1 or more specific locations.
- (j) “**Device or vehicle**” means an object or information used to provide closed-loop prepaid access or prepaid access, such as a card, code, electronic serial number, mobile identification number, or personal identification number. A device or vehicle may be in either tangible or electronic form.

Section 3, MCL 487.1003 of the MTSA
This section was amended as follows:

*Revised Definitions (revised language is in **bold**)*

- (c) “Money transmission services” means selling or issuing payment instruments or **closed-loop prepaid access or prepaid access devices or vehicles** or receiving money or monetary value for transmission. The term does not include the provision solely of delivery, online, or telecommunications services or network access.

(d) “Outstanding payment instrument” means any check, draft, money order, travelers check, other written instrument, electronic or wire transfer, **closed-loop prepaid access or prepaid access device or vehicle**, or facsimile issued by a licensee that has been sold in the United States directly by the licensee or any payment instrument issued by the licensee that has been sold by the licensee or an authorized delegate in the United States, that has been reported to the licensee as having been sold, and that has not yet been paid by or for the licensee.

(f) “**Payment instrument**” means any electronic or written check, draft, money order, travelers check, or other wire, electronic, or written instrument or order for the transmission or payment of money, sold or issued to 1 or more persons, whether or not the instrument is negotiable. The term includes any closed-loop prepaid access or prepaid access device or vehicle. The term does not include any credit card voucher, letter of credit, or tangible object redeemable by the issuer in goods or services.

Additional Definitions

(e) “**Payee**” means the provider of goods or services, not including money transmission services, that is owed payment of money or other monetary value from the person that is paying for the goods or services.

(h) “**Prepaid access**” means access to funds or the value of funds that have been paid in advance and can be retrieved or transferred at some point in the future through a device or vehicle. The term does not include closed-loop prepaid access.

Deleted Definition

“**Stored value device**”. This was previously defined in Section 3(i) of the MTSA. “Stored value device” has been replaced by “prepaid access”.

Section 4, MCL 487.1004 of the MTSA
Exemptions for licensure were added for a(an):

- Agent of a bank (Section 4(e), MCL 487.1004(e))
- Provider of closed-loop prepaid access devices (Section 4(f), MCL 487.1004(f))
- Agent of a payee (Section 4(g), MCL 487.1004(g))

This act does not apply to any of the following:

(e) A person, to the extent that it provides money transmission services as an agent for an entity described in subdivision (d), if both of the following are met:

(i) The agency relationship between the person that is providing the money transmission services and the entity described in subdivision (d) is established through written agreement.

(ii) The entity described in subdivision (d) remains responsible for providing the money transmission services to its customers.

(f) A person to the extent that it issues, sells, or distributes a closed-loop prepaid access device or vehicle, if the funds associated with that device or vehicle do not exceed \$2,000.00 maximum value on any day.

(g) A person to the extent that it is acting as an agent of a payee, if the person demonstrates to the director that all of the following are met:

(i) There exists a written agreement between the payee and agent directing the agent to collect and process payments on the payee's behalf.

(ii) The payee holds the agent out to the public as accepting payments on the payee's behalf.

(iii) Payment is treated as received by the payee at the time it is received by the agent.

Please review 2018 PA 573 for all amendments to the MTSA. Licensees should consult with their legal counsel to determine how these amendments impact their business practices. If you have any questions regarding these amendments, contact the Consumer Finance Examination Unit at 1-877-999-6442.