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## OLR Bill Analysis

### sHB 6991

#### ***AN ACT CONCERNING DEFINITIONS APPLICABLE TO THE MONEY TRANSMISSION STATUTES AND SOLICITATIONS AND ADVERTISEMENTS BY MONEY TRANSMISSION LICENSEES.***

#### **SUMMARY**

This bill makes several minor changes to the definitions and advertising restrictions in the state's Money Transmission Act, which generally regulates businesses, other than banks, savings and loan associations, or credit unions, that receive and transmit money.

Under current law, "money transmission" includes, among other things, engaging in the business of issuing or selling payment instruments or stored value. The bill specifies that this includes direct engagement or engaging as an intermediary. It also relatedly changes the "stored value" definition, which is currently monetary value that is evidenced by an "electronic record" (i.e. information stored in an electronic medium and retrievable in perceivable form). The bill renames the record as "electronic or digital record" and specifies that monetary value includes a claim against the issuer of monetary value.

Additionally, the bill specifies that the methods of "money transmission" include using a digital wallet such as in connection with a consumer payment mobile application. Under the bill, a "digital wallet" is any electronic or digital functionality that (1) stores account or payment credentials for a consumer, including in encrypted or tokenized form, and (2) transmits, routes, or otherwise processes the account or payment credentials to facilitate a consumer payment transaction.

The bill also adds a restriction on advertising by money transmission licensees. It specifically prohibits them from including any statement or claim in their solicitations or advertisements that funds deposited with them are eligible for Federal Deposit Insurance Corporation (FDIC)

protections. Existing law already prohibits licensees from including any statement or claim that is deceptive, false, or misleading. (The FDIC generally only supervises and insures certain banks and savings associations, which are exempt from the Money Transmission Act.)

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2025

## **BACKGROUND**

### ***Related Bill***

sSB 1338, favorably reported by the Banking Committee, regulates certain money sharing applications owned or operated by people who are or must be licensed as a money transmitter.

## **COMMITTEE ACTION**

Banking Committee

Joint Favorable

Yea    12    Nay   0    (03/06/2025)