

Supporting Statement
OMB Control Number 1506-0013

Registration of Money Services Business

1. Circumstances necessitating collection of information.

The legislative framework generally referred to as the Bank Secrecy Act (BSA) consists of the Currency and Foreign Transactions Reporting Act of 1970, as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Public Law 107–56 (October 26, 2001), and other legislation, including the Anti-Money Laundering Act of 2020 (AML Act).¹ The BSA is codified at 12 U.S.C. 1829b, 12 U.S.C. 1951–1960, and 31 U.S.C. 5311–5314 and 5316–5336, and notes thereto, with implementing regulations at 31 CFR chapter X.

The BSA authorizes the Secretary of the Treasury (the Secretary), *inter alia*, to require financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters, or in the conduct of intelligence or counter-intelligence activities to protect against international terrorism, and to implement AML programs and compliance procedures.² Regulations implementing the BSA appear at 31 CFR chapter X. The authority of the Secretary to administer the BSA has been delegated to the Director of FinCEN.³

Under 31 U.S.C. 5330 and its implementing regulation (31 CFR 1022.380), money services businesses (MSBs)⁴ must file an initial registration form with FinCEN, renew their registration every two years, re-register under certain circumstances, and maintain a list of their agents.

2. Method of collection and use of data.

Registration

Each MSB, with a few exceptions, must register with FinCEN. The information required by 31 U.S.C § 5330 and any other information required by FinCEN Form 107 must be reported in the manner and to the extent required by FinCEN Form 107.⁵ The registration form for the initial registration period must be filed on or before the end of the 180-day period beginning on the day following the date the business is established.⁶ The initial registration period is the two-calendar-year period beginning with the calendar year in which the MSB is first required to be

¹ The AML Act was enacted as Division F, sections 6001-6511, of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. 116-283, 134 Stat. 3388 (2021).

² Section 358 of the USA PATRIOT Act expanded the purpose of the BSA, by including a reference to reports and records “that have a high degree of usefulness in intelligence or counterintelligence activities to protect against international terrorism.” Section 6101 of the AML Act added language further expanding the purpose of the BSA.

³ Treasury Order 180-01 (Jan. 14, 2020).

⁴ See 31 CFR 1010.100(ff).

⁵ See 31 CFR 1022.380(b)(1)(i); Registration of Money Services Business (RMSB) Electronic Filing Instructions. Release Date July 2014 – Version 1.0.

https://www.fincen.gov/sites/default/files/shared/FinCENRMSB_ElectronicFilingInstructions.pdf .

⁶ See 31 CFR 1022.380(b)(3).

registered.⁷ MSBs must renew their registrations, with the first renewal due on or before the last day of the initial registration period (December 31st) and subsequent renewals due every two years thereafter.⁸ MSBs must re-register with FinCEN not later than 180 days after any of the following: a change in ownership that requires the MSB to be re-registered under state law, transfer of 10 percent voting or equity interest, or 50 percent increase in agents.⁹ MSBs must maintain a copy of any registration form filed under 31 CFR 1022.380 at a location in the United States for a period of five years.¹⁰

Maintenance of an Agent List

A person that is an MSB solely because that person serves as an agent of another MSB is not required to register.¹¹ However, an MSB is required to prepare and maintain a list of its agents.¹² The list must be revised each January 1 for the immediately preceding 12-month period.¹³ The list is not filed with the registration form but must be maintained at a branch office or location in the United States reported on the registration form.¹⁴ An MSB must make the list of agents available, upon request, to FinCEN, an appropriate law enforcement agency, and the examination function of the Internal Revenue Service, in its capacity as delegee of BSA examination authority.¹⁵

The information collected and retained under the regulations addressed in this notice assists Federal, state, and local law enforcement, as well as regulatory authorities, in the identification, investigation, and prosecution of money laundering and other matters. The information will also allow FinCEN to more accurately quantify the universe of MSBs.

3. Use of improved information technology to reduce burden.

Financial institutions required to register as MSBs pursuant to FinCEN regulations must use the BSA E-filing system (BSA E-filing) and file a FinCEN Form 107. BSA E-filing is used to file an initial registration, renew registrations, re-register, or file corrections to a previous registration. BSA E-filing allows MSBs to open a previously filed FinCEN Form 107, and the electronic form is pre-populated with the information from the prior filing. MSBs that are renewing their registration, re-registering, or filing a correction can update any information required on the form prior to submitting the form electronically. The e-filing system prompts MSBs to save the registration form after submission. See BSA-E-filing at <http://bsaefiling.fincen.treas.gov/main.html>.

4. Efforts to identify duplication.

There is no similar information available; thus, there is no duplication.

⁷ See 31 CFR 1022.380(b)(2).

⁸ See 31 CFR 1022.380(b)(2), (b)(3).

⁹ See 31 CFR 1022.380(b)(4).

¹⁰ See 31 CFR 1010.430(d); 31 CFR 1022.380(b)(1)(iii).

¹¹ See 31 CFR 1022.380(a)(3).

¹² See 31 CFR 1022.380(d).

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

5. Methods to minimize burden on small businesses or other small entities.

FinCEN stipulates that the information required to be included on the FinCEN Form 107 is basic information MSBs need to maintain to conduct business. For that reason, this collection of information does not have a significant impact on small entities.

6. Consequences to the Federal government of not collecting the information or less frequent collections.

An MSB must file the FinCEN Form 107 within 180 days of when the business is established and renew the registration every two years. If this collection of information were reduced in frequency, law enforcement and regulatory personnel would not receive timely, useful information.

7. Special circumstances requiring data collection inconsistent with guidelines in 5 CFR 1320.5(d)(2).

There are no special circumstances.

8. Consultation with individuals outside of the agency on availability of data, frequency of collection, clarity of instructions and forms, and data elements.

On April 11, 2023, FinCEN issued a notice and request for comment to renew an information collection in FinCEN's rule requiring the registration of MSBs and FinCEN Form 107.¹⁶ The comment period closed on June 12, 2023. In response to the notice, FinCEN received six comments.

One comment recommended that FinCEN rescind or amend certain administrative rulings or regulations that exclude "payment processors, payment firms, and many fintechs" from registration and other requirements applicable to MSBs.¹⁷ The commenter asserted that "if a company moves/receives/transmits money on behalf of another party..., it should have AML requirements." Another commenter recommended that FinCEN "administer and enforce" a "non-exclusive federal safe harbor money transmitter license for MSBs that preempts state... regulations," noting the cost to small- and medium-sized businesses of complying with state regulations. A third commenter recommended that MSBs should: (i) receive a reminder by email 30 days before the MSB needs to renew its registration; (ii) receive an email acknowledging receipt of the filed FinCEN Form 107; and (iii) have the option to check a box on the FinCEN Form 107 to signal renewal of the registration with no changes. Yet another commenter recommended requiring the renewal of MSB registrations every five years, rather than every two

¹⁶ See FinCEN, *Agency Information Collection Activities; Proposed Renewal; Comment Request; Renewal Without Change of the Registration of Money Services Businesses Regulation and FinCEN Form 107*, [88 FR 21746](#) (Apr. 11, 2023).

¹⁷ See FinCEN, *Definition of Money Transmitter (Merchant Payment Processor)*, [FIN-2003-8](#) (Nov. 19, 2003); FinCEN, *Determination of MSB Status and Obligations Under the Funds Transfer Recordkeeping Rule, and Request for Regulatory Relief*, [FIN-2009-R004](#) (Nov. 20, 2009); FinCEN, *Whether a Company that Offers a Payment Mechanism Based on Payable-Through Drafts to its Commercial Customers is a Money Transmitter*, [FIN-2013-R002](#) (Nov. 13, 2013); and FinCEN, *Application of MSB Regulations to a Company Acting as an Independent Sales Organization and Payment Processor*, [FIN-2014-R009](#) (Aug. 27, 2014).

years. The same commenter asserted that the time needed to complete the FinCEN Form 107 is 20 minutes, with an additional 10 minutes to file the form and retain a copy, which is less than what FinCEN has calculated for those tasks (see section 12 below).

Two commenters noted that MSBs do not have to report beneficial ownership information (BOI) to FinCEN under the Corporate Transparency Act (CTA). One of these commenters explained that the CTA requires reporting companies to file reports that identify all of their beneficial owners, with “beneficial owner” defined to include a person who exercises substantial control over the company or who directly or indirectly owns or controls at least 25 percent of the ownership interests of the company. According to the commenter, the current MSB registration regulation and FinCEN Form 107 require only that an MSB identify one person who owns or controls the MSB. Both commenters recommended that FinCEN require MSBs to identify on FinCEN Form 107 all of their beneficial owners.

FinCEN is pleased that commenters generally appear satisfied that FinCEN has appropriately identified and not underestimated the sources of burden for the tasks associated with these requirements.

9. Explanation of decision to provide any payment or gift to respondents.

No payments or gifts were made to respondents.

10. Assurance of confidentiality of responses.

Information collected on the FinCEN Form 107 is made available to appropriate agencies and organizations as disclosed in FinCEN's Privacy Act System of Records Notice (SORN) relating to BSA reports.¹⁸

11. Justification of sensitive questions.

There are no questions of a sensitive nature in the collection of information. Any personally identifiable information collected under the BSA is strictly controlled as outlined in FinCEN's SORN.¹⁹

12. Estimated burden.

Initial Registration

Frequency: As required.

Estimated Burden per Respondent: FinCEN estimates that the hourly burden of filing and maintaining a copy of the initial FinCEN Form 107 is 1 hour and 10 minutes. (1 hour to fill out the form and file it, and 10 minutes to save the form electronically and print out a copy to maintain). FinCEN stipulates that the information required to be included on the form is basic information MSBs need to maintain to conduct business. The e-filing system prompts MSBs to save the registration form after submission.

¹⁸ See FinCEN, *Privacy Act of 1974, Systems of Records Notice*, [79 FR 20969](#) (Apr. 14, 2014).

¹⁹ *Id.*

Estimated Number of Respondents: 3,603 MSBs.²⁰

Estimated Total Annual Burden Hours: 4,204 hours.²¹

Registration Renewal

Frequency: Every two years.

Estimated Burden per Respondent: FinCEN estimates that the hourly burden of filing and maintaining a copy of the renewal of the FinCEN Form 107 is 40 minutes (30 minutes to revise the form and file it, and 10 minutes to save the form electronically and print out a copy to maintain). FinCEN stipulates that the information required to be included on the form is basic information MSBs need to maintain to conduct business. In addition, FinCEN's e-filing system allows MSBs to open a previously filed FinCEN Form 107 and the electronic form is pre-populated with the information from the prior filing. MSBs can amend Part I by selecting item 1b (renewal) and submit the form. MSBs can update any information required on the form prior to submitting the form electronically. The e-filing system prompts MSBs to save the registration form after submission.

Estimated Number of Respondents: 8,429 MSBs.²²

Estimated Total Annual Burden Hours: 5,619 hours.²³

Re-Registration

Frequency: As required.

Estimated Burden per Respondent: FinCEN estimates that the hourly burden of filing and maintaining a copy of the re-registration of the FinCEN Form 107 is 40 minutes (30 minutes to revise the form and file it, and 10 minutes to save the form electronically and print out a copy to maintain). FinCEN stipulates that the information required to be included on the form is basic information MSBs need to maintain to conduct business. In addition, FinCEN's e-filing system allows MSBs to open a previously filed FinCEN Form 107 and the electronic form is pre-populated with the information from the prior filing. MSBs can amend Part I by selecting item 1d (re-registration) and selecting the appropriate response in item 2. MSBs can amend the applicable information required on the form and submit it electronically. The e-filing system prompts MSBs to save the registration form after submission.

Estimated Number of Respondents: 201 MSBs.²⁴

²⁰ FinCEN looked at the number of initial FinCEN Forms 107 filed in each of the calendar years 2018 through 2022. The average number of initial filings for the period of five years is 3,603.

²¹ 3,603 MSBs multiplied by 70 minutes and converted to hours is 4,204 hours.

²² FinCEN looked at the number of FinCEN Forms 107 renewals filed in each of the calendar years 2018 through 2022. The average number of renewals for the period of five years is 8,429.

²³ 8,429 MSBs multiplied by 40 minutes and converted to hours equals 5,619 hours.

²⁴ FinCEN looked at the number of FinCEN Forms 107 filed to re-register in each of the calendar years 2018 through 2022. The average number of re-registrations for the period of five years is 201.

Estimated Total Annual Burden Hours: 134 hours.²⁵

Maintenance of Agent List

Frequency: Annually.

Estimated Burden: FinCEN estimates that the hourly burden of drafting an agent list and revising it annually is 30 minutes per MSB. FinCEN stipulates that the information required to be included on an agent list is basic information MSBs need to maintain to conduct business. FinCEN does not require the MSB to maintain the list in any particular format; therefore, the MSB can leverage its business records to create and revise the list.

Estimated Number of Respondents: 26,276.²⁶

Estimated Total Annual Burden Hours: 13,138 hours.²⁷

Total Annual Burden Hours for this Information Collection: 23,095 hours.²⁸

13. Estimated total annual cost burden.

Estimated Total Annual Burden Cost: 23,095 hours X 52.55²⁹ per hour = \$1,213,642.25

14. Estimated annual cost to the Federal government.

Electronic processing cost to the Federal government for 12,233 responses³⁰ X \$0.10 per response³¹ = \$1,223.30.

15. Reason for change in burden.

²⁵ 201 MSBs multiplied by 40 minutes and converted to hours is 134 hours.

²⁶ As of March 3, 2023, there were 26,276 MSBs registered with FinCEN.

²⁷ 26,276 MSBs multiplied by 30 minutes and converted to hours is 13,138 hours.

²⁸ The grand total annual burden hours for this information collection represents the total annual burden hours to file initial FinCEN Forms 107, renewals, and re-registrations, and to maintain agent lists (4,204 + 5,619 + 134 + 13,138 = 23,095).

²⁹ The Average Hourly Wage Rate is calculated from the May 2022 U.S. Bureau of Labor Statistics average hourly wage for “13-1041 Compliance Officer” of \$37.01, plus an additional 42% for benefits to produce a fully-loaded rate of \$52.55. The ratio between benefits and wages for private industry workers is \$11.86 (hourly benefits)/\$28.37 (hourly wages) = 0.42, as of December 2022. The benefit factor is 1 plus the benefit/wages ratio, or 1.42. See U.S. Bureau of Labor Statistics, *Occupational Employment and Wages: 13-1041 Compliance Officer* (May 2022), available at <https://www.bls.gov/news.release/ecec.t04.htm>. See also U.S. Bureau of Labor Statistics, *Employer Costs for Employee Compensation: Private industry dataset* (December 2022), available at <https://www.bls.gov/news.release/ecec.t04.htm>.

³⁰ This number represents the total number of initial registration respondents, registration renewal respondents, and re-registration respondents. (3,603 + 8,429 + 201 = 12,233). The number does not include the number of respondents for the maintenance of the agent list, because that information is not reported to FinCEN.

³¹ Cost per response received as listed in the BSA E-Filing Federal contract for 2022.

When this OMB control number was renewed in January 2020, FinCEN estimated the MSB responses for the following four categories were approximately: (i) 3,478 initial registrations, (ii) 8,678 registration renewals, (iii) 225 re-registrations, and (iv) 24,027 maintenance of agent list. In 2023, FinCEN estimated the MSB responds for the following four categories were approximately: (i) 3,603 initial registrations, (ii) 8,429 registration renewals, (iii) 201 re-registrations, and (iv) 26,276 maintenance of agent list. The total burden in 2020 was 22,007 hours, and in 2023 it was 23,095 hours. The reason for the slight increase in the burden estimate is a slight increase in the number of MSBs filing FinCEN Form 107 at various stages.

16. Plans for tabulation, statistical analysis, and publication.

FinCEN publishes some of the collected information at <https://www.fincen.gov/msb-state-selector>. This permits members of the public to ensure a given MSB is registered.

17. Request not to display the OMB expiration date.

FinCEN requests that the expiration date of the control number of the FinCEN Form 107 not be displayed on the form so that there is no confusion as to whether the registration form is still valid. This request will not affect the normal 3-year Paperwork Reduction Act renewal process.

18. Exceptions to the certification statement.

There are no exceptions to the certification statement.