



FINTECH PAYMENTS SOLUTION

CASE STUDY

Banks and fintech companies have been partnering to offer fantastic new payment solutions to new customer groups. This case study addresses the development of a three-party arrangement to offer a new technology-based payment card solution to a large trade association of transportation companies.

OPPORTUNITY

A reputable technology service provider developed a new and improved turnkey payment card platform and payment solution. They offer the platform and customized processing services to banks and financial institutions to permit institutions to sell the prepaid card services to their current deposit customers. A large trade association wished to offer the solution to its members nationwide as a portable expense control

solution. Both organizations wished to find a feasible way to offer the payment card products under the name of a new banking services brand unique for the trade association membership. A large community bank was identified which wished to facilitate the banking services. While this arrangement is feasible if done correctly, it requires dealing with various regulatory issues, including money services and money transmission licensing, privacy and sharing of customer information, Bank Secrecy Act and anti-money laundering concerns, prepaid card disclosure and dispute resolution requirements, bank chartering rules, and various customer facing agreements and disclosures.

SOLUTION

Our firm assisted all parties in developing contracts and agreements which would permit this arrangement in conformance with applicable law. Services requiring a money transmission license or bank charter license were identified and required to be provided by the community bank. The tech firm and trade organization were able to provide their services and expertise without undergoing a difficult and time-consuming licensing or bank chartering process. A knowledge and documentation-based customer identification program was implemented to comply with Bank Secrecy Act and anti-money laundering obligations.

Our firm also consulted in the development of the process and guidelines for managing the flow of customer information between the parties in conformance with applicable and changing privacy laws. Appropriate disclosures were developed later to match. The agreement also dealt with defining the obligations in developing the unique brand and assigning ownership of the branding and intellectual property to the desired brand owner.

RESULTS SUMMARY

- Three different entities were able to come to an arrangement which permitted the nationwide offering of a payment card product to a specific target audience.
- Licensing and chartering requirements imposed on money transmitters and banks were solved allowing for the program to be used nationwide.
- Leads, referrals, and their associated information may be collected, recorded, transmitted, and managed in a secure manner without compromising privacy laws.
- The bank was able to establish new programs and vendor relationships that allowed them to create new, unexploited revenue opportunities.

FARLEY LAW

Farley Law specializes in assisting banks navigate the ever-shifting legal and regulatory environment while recommending strategic business options leading to new and unrealized growth opportunities.

Banking Service Packages include:

- New Business Line Development
- Regulatory and Legal Response & Management
- Deposit Account Matters Review & Resolution
- Vendor Management



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