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Money Transmitter License Cost: Own vs. Sponsor?

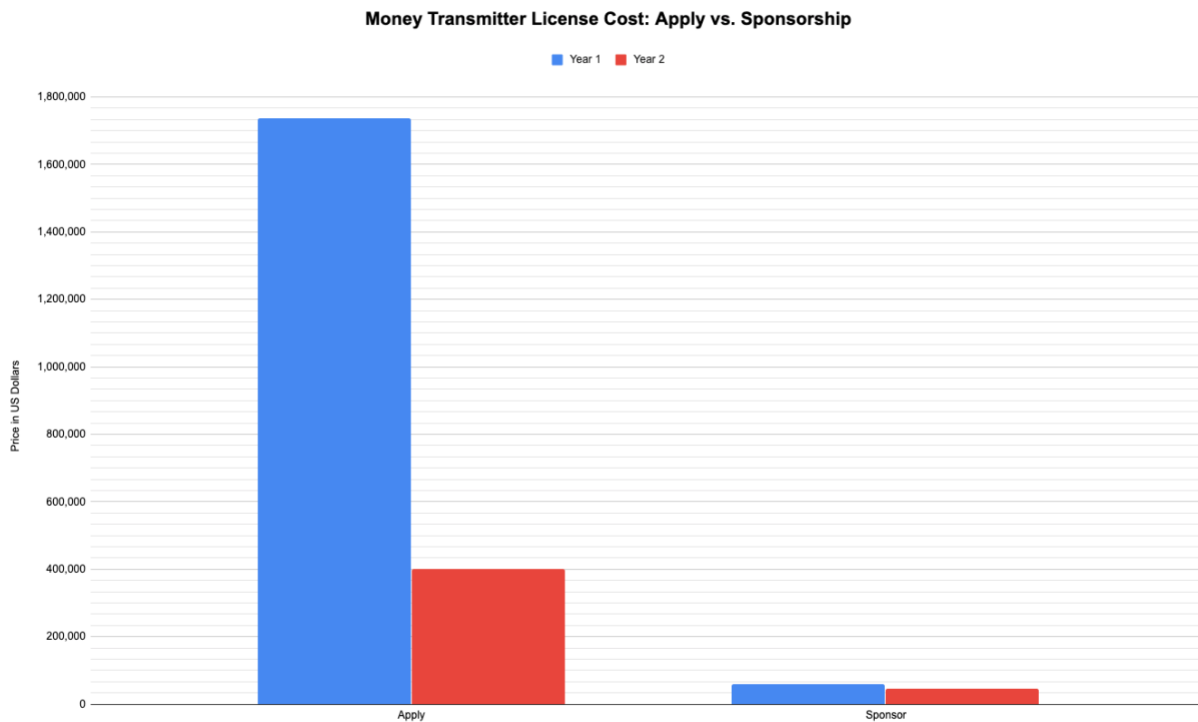


Money Transmitter License Cost: Own vs. Sponsor?

What Is More Cost Effective? Owning A License Or Sponsoring One?

How much do money transmitter licenses cost (nationwide)? Take a guess. Now even if you multiple that number x10, you're probably still not even close to the actual amount. We asked over a dozen specialists like lawyers, consultants, compliance specialists and industry brokers on how much (in their opinion) does a money transmitter license cost? The condensed results can be seen below.

Obtaining money transmitter licenses in the United States is no easy feat. So how much does a money transmitter license cost? Well, the costs vary from state to state, but all in all it takes in millions of dollars and is a process that can take up to two years.



Indicated below in the two tables are estimated costs of sponsorship versus applying/owning your own money transmitter licenses. Your mileage may vary according to the complexity of your project including transaction set, risk assessment and geography.

Licensing Expenses For Year 1

EXPENSES (YEAR 1)	Apply	Sponsor
Surety Bonding @ \$ 8,000,000 at 1.5%	\$120,000	\$0
TOTAL	\$1,737,000	\$60,000

EXPENSES (YEAR 1)	Apply	Sponsor
Net Worth (over all)	\$1,000,000	\$0
Application Fees	\$75,000	\$0
License Fees	\$30,000	\$0
Compliance Officer	\$120,000	\$0
GAAP Audit	\$15,000	\$0
FISA Audit	\$12,000	\$0
Compliance Program	\$75,000	\$0
Compliance Audit #1	\$20,000	\$0
Compliance Audit #2	\$20,000	\$0
Transaction Management System Audit	\$25,000	\$0
Attorney Fees (application)	\$125,000	\$0
Legal Opinion Fees	\$25,000	\$0
Technology Audit #1	\$25,000	\$0
Technology Audit #2	\$25,000	\$0
One-time Cost	\$0	\$15,000
Annual Sponsorship Fees (paid monthly)	\$0	\$45,000
Miscellaneous Expenses	\$25,000	\$0
TOTAL	\$1,737,000	\$60,000

Licensing Expenses For Year 2

As the licensing process takes nearly two years to complete, there are some recurring expenses you will have to incur in Year 2. So for purpose of a budget, you need to take the money transmitter license cost for both Year 1 and Year 2 into consideration.

See the estimated financials for Year 2 below.

EXPENSES (YEAR 2)	Apply	Sponsor
Surety Bonding @ \$ 8,000,000 at 1.5%	\$120,000	\$0
Compliance Officer	\$120,000	\$0
Renewal Fees for Licenses	\$40,000	\$0
Audits (Various, including Compliance)	\$75,000	\$0
Systems (Subscription Fees)	\$25,000	\$0
Annual Sponsorship Fees (paid monthly)	\$0	\$45,000
Travel & Miscellaneous Expenses	\$20,000	\$0
TOTAL	\$400,000	\$45,000

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