

January 31, 2005

Re: Online Payments and Consumer Protection Inquiry

Dear M

In response to your inquiry of January 15, 2002, we provide the following:

1. Does your state currently license or regulate nonbank stored-value issuers, Internet bill-payment services or Internet Fund transfer companies?

This Department has issued one interpretive letter stating its view that pre-paid debit cards constitute a form of "payment instrument" that would be subject to Idaho's money transmission statute. Further, to the extent that Internet providers offer to transmit money on behalf of Idaho residents, we believe that they are also subject to the Idaho Money Transmitters Act.

Depending on specific facts and circumstances, some Internet bill-payment service providers may need to be licensed pursuant to the Idaho Collection Agency Act.

2. Have you amended your existing money transmission laws to encompass these types of services, or have you interpreted existing laws to include these services.

Idaho has not amended its law in response to pre-paid debit instruments or Internet-based money transmission.

3. Have you licensed any of these services in your state? If so, approximately how many are currently licensed?

At this time, we have one money transmitter application pending for an Internet-based money transmission provider.

4. If you have licensed such services, has this been (a) because they have come to you seeking licensing, or (b) they have been asked to become licensed.

We do not have sufficient data in this area to provide a meaningful response.

5. In terms of licensing, supervising or examining Internet-based payment services, has your Department experienced anything new or different?

Obviously, new business models require adaptation of existing examination modules and procedures. At this time, we have insufficient data to make any meaningful observations.

We hope that this communication is helpful and we wish you the best in conclusion of your research project. We would certainly be interested in any work product you might create in connection with this important research. Should you have any questions or wish to discuss this matter in greater detail, please feel free to contact the undersigned directly at (208) 332-8080.

Sincerely,

JAMES A. BURNS
Idaho Dept. of Finance