

Press Coverage | January 15, 2025

# BaaS Outlook Brighter After Period of Growing Pains

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James Stevens, co-leader of Troutman Pepper Locke's Financial Services Industry Group, was quoted in the January 15, 2025 *Banking Dive* article, "[BaaS Outlook Brighter After Period of Growing Pains](#)."

The most recent regulatory cycle addressed many of the BaaS sector's weak programs and bad actors through enforcement actions the past two years, said James Stevens, a partner at law firm Troutman Pepper Locke, and that puts BaaS in a position to grow in the coming years.

"Banks that are already in the space and that are not held back by enforcement actions will generally increase their efforts in the space," Stevens said in an email.

"Those banks still have a lot of wood to chop even in a more positive environment," Stevens said.

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Stevens also noted state financial regulators may "flex their muscle in areas where they believe there are issues, especially if those state regulators do not believe their concerns are being addressed by their federal peers."

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However, the changing tides for BaaS have a number of banks considering jumping in. New banks will enter the space this year and in the years ahead, including de novos and traditional banks that experience a change in control, Stevens expects.

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