

Press Coverage | February 27, 2024

## Georgia Clarifies Merchant Acquirer Law as Firms Submit First Applications in a Decade

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James W. Stevens

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James Stevens, co-leader of Troutman Pepper's Financial Services Industry Group, was quoted in the February 27, 2024 *Vixio* article, "[Georgia Clarifies Merchant Acquirer Law as Firms Submit First Applications in a Decade](#)."

"There is at least one large company that is seriously considering filing an application. And we have had a number of conversations with a variety of payments and fintech businesses that are considering it," James Stevens, a partner with law firm Troutman Pepper, told *Vixio*.

"I suspect that we will see at least a couple of these applications filed and approved, then there may be a pause because of the receptivity of the card networks to new applications."

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"The amendment is a clean-up bill reflecting the fact that banking law has changed over the years and trying to bring the merchant acquirer limited purpose bank charter to the standards of regular banking," Stevens said.

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They would likely to be hesitant to approve an application for a bank or non-bank looking for a MALPB charter without a robust client risk management system, Stevens said.

"When we say we think there's going to be more of these that may be approved, initially you would see larger, more sophisticated participants being approved but then maybe the card networks waiting and seeing how that goes before they start allowing smaller, less sophisticated participants."

If several firms receive MALP charters, it is unlikely to disrupt the existing merchant acquiring bank structures that have long been in place, Stevens added.

"We think it creates a nice alternative. We don't see this as something that's going to involve the widespread replacement of banks who perform this critical function in the merchant acquiring space — we think most people who are looking at this are looking at it as alternative rails just to have some diversification."

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