



Office of Financial Regulation



Senate Finance Committee Briefing on Innovative Financial Products/Terms

January 15, 2026



Antonio P. "Tony" Salazar
Commissioner of Financial Regulation

Who We Regulate



Depository Institutions

State chartered banks
Credit unions
State Trust Companies

FYE17: 51



FYE25: 31

Decline



Non-Depository Institutions

Check Cashing	Money Transmission
Consumer Reporting	Mortgage Brokers
Consumer Loan Lending	Mortgage Loan Originators
Credit Service Businesses	Mortgage Lenders
Debt Collection & Management	Mortgage Servicers
Certain Foreclosure Prevention Services	Sales Financing
Installment Lending	Student Loan Servicing
	Vehicle Loan Lending

FYE17: 17,178



FYE25: 17,545

Growth



For a full list of regulated business can be found [on our website](#).



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Presentation Topics

Digital Currencies

- Current Status
- Staking
- Virtual Currency Kiosks
- National Trust Charters

Artificial Intelligence

- Current Status
- Usage by Financial Providers
- Governmental regulation and usage
- Risks

Stablecoins

- The basics
- Federal status – Genius Act
- State action

Earned Wage Access Products

- Current Status
- Necessary Updates



Digital Currencies - Current Status

2025 saw continued, **significant growth in usage of all types of digital currencies**. Top use cases were payments and remittances, investments, and gaming and AI.

Federal government under the current administration is encouraging the use of digital currencies and their integration into the established financial system.

All **federal financial regulators** are taking action to reduce limits on financial institutions' use/interactions with digital currencies (e.g. OCC permitted national banks to engage in riskless digital currency principal transactions and is issuing national trust charters for digital currency fiduciary actions; SEC and CFTC have taken steps to ease regulation on cryptocurrencies and tokenized products)



Digital Currencies - Current Status

Congress is focused on the topic. The **Genius Act** was passed establishing national stablecoin framework and other related bills, including digital market structure bill (**CLARITY Act**), are under consideration in congress.

States have started taking action to update their digital currency laws including authorization of various types of digital currencies (e.g. CA, NE, NY, and WY).
Need to take action under Genius Act to participate in stablecoin regulation.



Digital Currencies- Current Status

Continued fraud and misinformation

- AI-Driven Scams, fake platforms; voice impersonations
- Exchange Hacks: Significant theft from various platforms from fraudsters and state actors some being very large (e.g., a February breach amounted to \$1.5)..
- Bitcoin ATM Scams Surge including "pig butchering" schemes.



Digital Currencies - Staking

- An activity that is done by blockchain validators.
- Blockchain validators can “stake” either (a) their own cryptocurrencies or (b) a consumer’s cryptocurrency (e.g., the blockchain validators’ customers authorize them to use the consumers’ cryptocurrencies in their validation activities.)
- Staking involves committing/pledging (or “locking up”) a certain amount of cryptocurrency to demonstrate trustworthiness to validate transactions on the blockchain.
 - In order for a blockchain to work, validators must help check, verify and approve transactions. The blockchain pays validators directly to perform this work.
 - Validators must lock up some crypto as a security deposit to ensure they act honestly. If they behave correctly → they earn rewards.
 - If they behave dishonestly or poorly → they can lose some of these assets that were committed (a penalty called “slashing”).



Digital Currencies - Staking

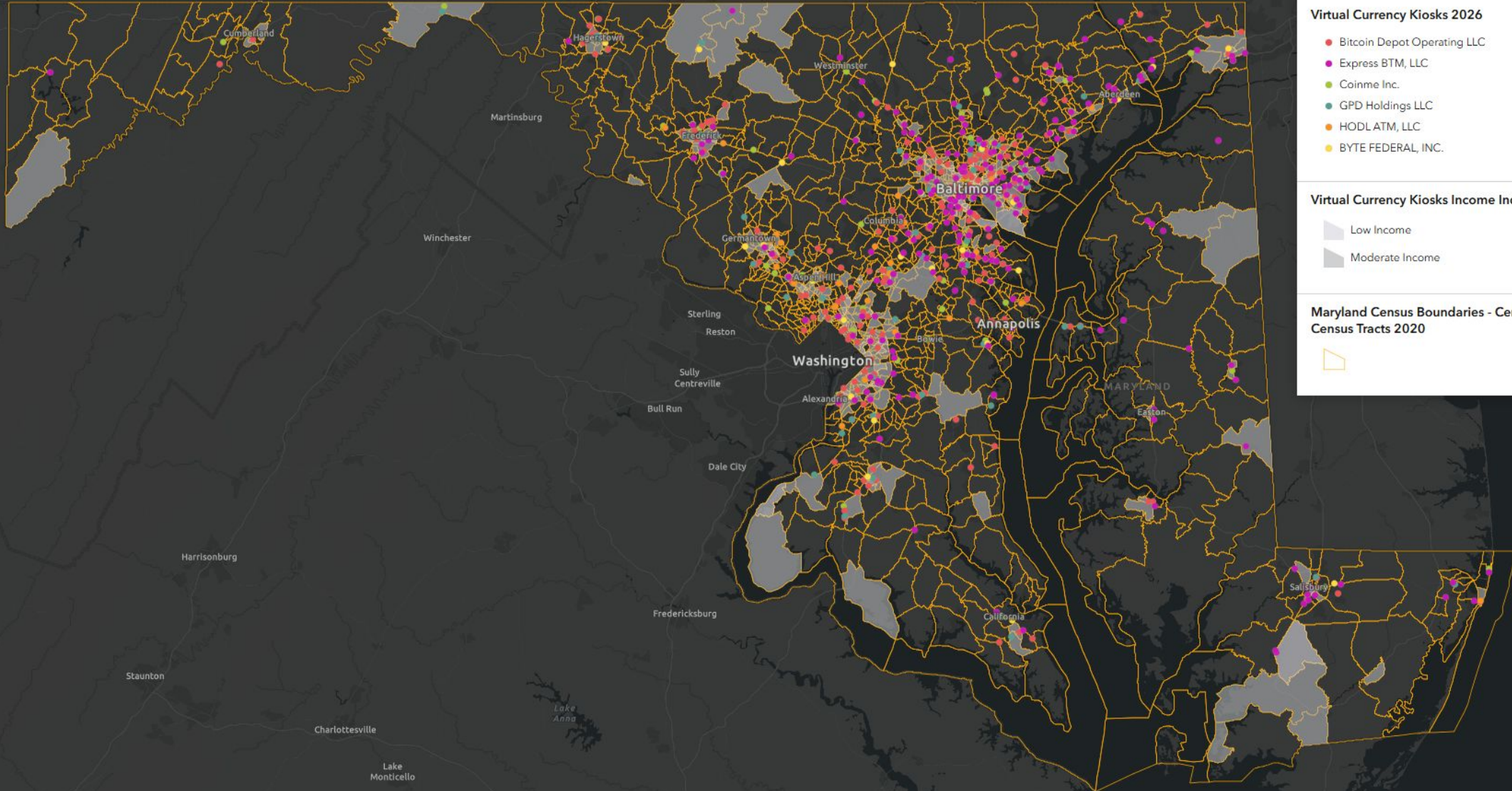
- In consumer-facing staking programs, **consumers authorize the validators to use their crypto as staking collateral** . The validator pools the consumer crypto, uses it as the stake for its validation activities, and shares the rewards/losses with consumers.
- **Staking is permitted in Maryland** though the Attorney General has determined (2023) that staking is a security offering that requires registration under state law.
 - The Securities Division of the Office of the Maryland Attorney General issued a Cease and Desist Order against a major cryptocurrency firm for violations of Maryland's securities law in connection with its crypto staking offerings.
- **California, New Jersey, Washington, and Wisconsin** also restrict staking activity.
- **SEC has changed its position on whether staking is covered by federal securities laws** (their new position - it is not) and some states have changed their position mirroring the SEC's new position.
- **Considerations:** (a) licensure; (b) structure (limitations on custodial use, rewards, potential loss, identity and role of validators, etc.) (c) consumer protections - Disclosure of staking terms (amount, custody terms, limitations on custodial use, rewards, potential loss, identity early withdrawal options, etc.)



Virtual Currency Kiosks

- Fraud concerns around the use of the kiosks brought the issue to the General Assembly in 2025.
- 2025 [SB 305](#)/Chapter 117 required registration of both company operators and kiosk locations. Additionally, it required disclosures, capped fees, and authorized fee refunds to consumers.
- Law enforcement and OFR can use registrations to track fraud
- At least 21 states regulate these kiosks including Illinois, Oklahoma, Washington, Arizona, Georgia, and Minnesota.
- Regulations are pending and emergency regulations to assist in the implementation of SB305 are effective from December 5, 2025 until June 3, 2026.
- 6 operators have applied for registration, with a [total of 646 kiosks](#).
- OFR will monitor ongoing activity and fraud complaints.





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Virtual Currency Kiosks 2026

- Bitcoin Depot Operating LLC
- Express BTM, LLC
- Coinme Inc.
- GPD Holdings LLC
- HODL ATM, LLC
- BYTE FEDERAL, INC.

Virtual Currency Kiosks Income Indicator

- Low Income
- Moderate Income

Maryland Census Boundaries - Census Tracts 2020 - Census Tracts 2020

DIGITAL CURRENCIES - NATIONAL TRUST CHARTERS



FOUNDATION & PURPOSE

- National Trust Companies (OCC Chartered)
- Fiduciary Services (No Deposits, No Loans)
- 60 Companies (as of 12/1/25)



CRYPTOCURRENCY INTEGRATION

- 5 New Charters Granted (Mid-Dec)
- Focus: Cryptocurrency Activities
- Concerns: Broad Scope & State Competition



KEY CONSIDERATIONS & RISKS

- No FDIC Insurance or Bank Oversight
- Scope of Authority Concerns
- Systemic Risk Introduction
- Competition with State Charters



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Stablecoins - Basics

- Stablecoins are a **type of digital currency based on a blockchain.**
- **Their value is “pegged” to an objective, verifiable asset** (.e.g., fiat currency, gold, a commodity, another cryptocurrency).
- They benefit from the **combination of the speed and efficiency of a blockchain transaction coupled with the price stability of traditional money.**
- They can **result in verifiable, faster, lower risk and cost transactions,** that bypass traditional bank and other financial institutions.
- **Notable stablecoin risks** include “Depegging” or loss of the tie to the underlying asset, loss of confidence or ability to rapidly meet redemption requests resulting in a “run” on the currency, cyber attack, operational failures, lack of consumer protections, and their lack of FDIC or other insurance.



Stablecoins - Genius Act

GENIUS Act (Guiding and Establishing National Innovation for U.S. Stablecoins Act)

- Enacted in July 2025.
- Effective date: Earlier of January 18, 2027, or 120 days after federal banking regulators issue implementing regulations.
- Creates the federal framework for regulating payment stablecoins.
- Key Provisions:
 - Limits the types of entities that can be stablecoin issuers.
 - Contains activity restrictions, reserve requirements, consumer protections, issuer categories, anti-money laundering requirements, and disclosure requirements.



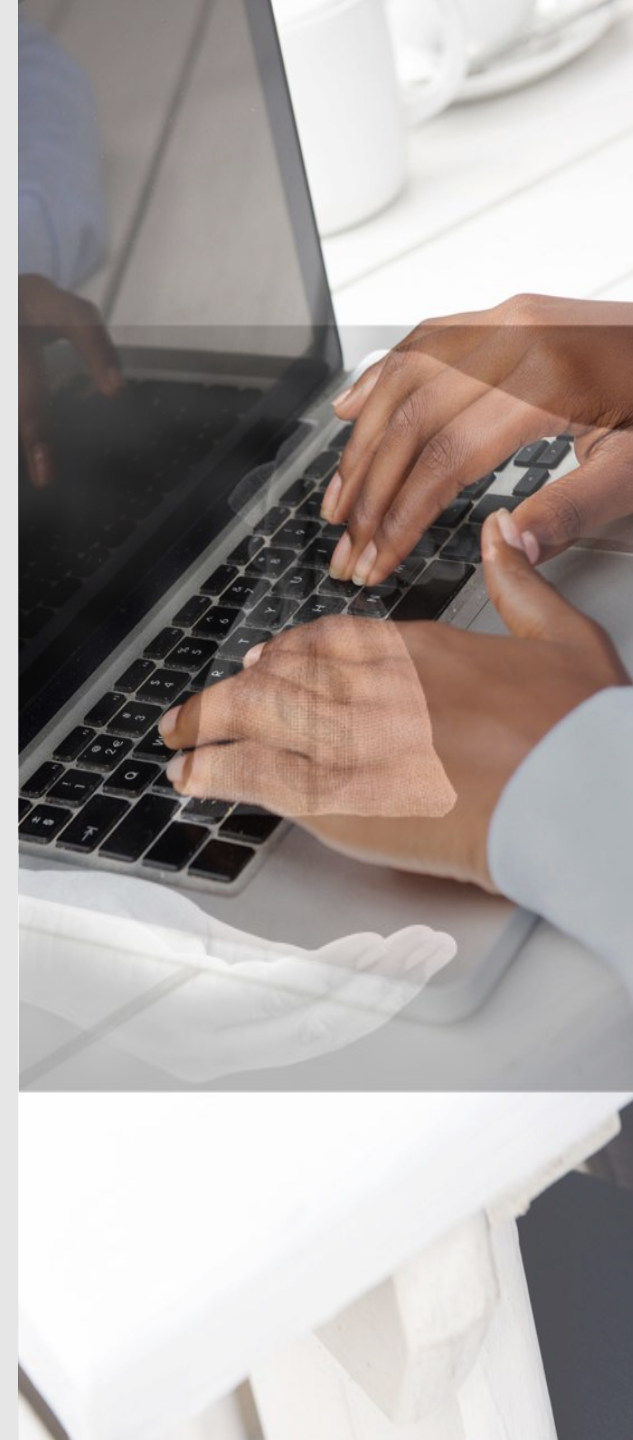
Stablecoins - Genius Act Con't

New Regulatory System:

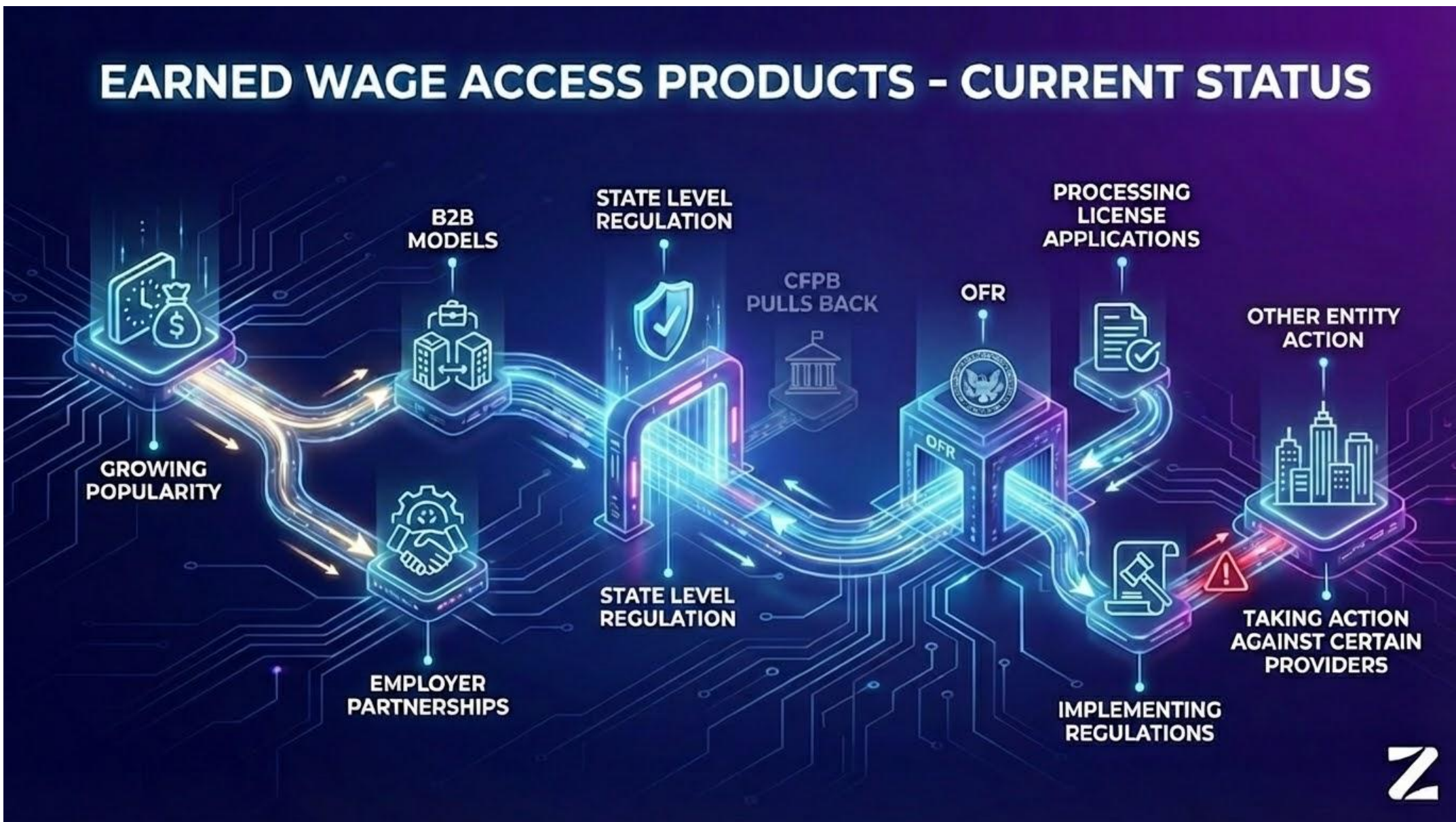
- Establishes a **dual state/federal system** for issuers.
- State issuers are limited to those **under \$10 billion**.
- **State regulatory frameworks must be certified annually** to be "substantially similar" to the federal system by a federal Stablecoin Certification Review Committee (SCRC).
- **Mandatory information** sharing with FRB on an ongoing basis regarding state qualified issuers.
- (Optional) **joint supervision of large state qualified issuers** with FRB via MOU.

State concerns

- January 18, 2028 - **deadline for submission of initial certification**
- Impact on **state bank funding and viability**
- **Expansion of federal authority** diluting consumer protections



EARNED WAGE ACCESS PRODUCTS - CURRENT STATUS



Earned Wage Access Products

- In 2025, the Legislature passed **HB1294**, importantly **affirming that these products are loans** and required reporting from these lenders
- **18 companies** have applied for licenses since the bill passed
- First required reporting will occur in June of 2026
- HB1294 did **not** prevent lenders from asking for tips, prohibit false advertising, or ensure non-discrimination based on factors set forth in the Equal Credit Opportunity Act (ECOA).
- All other lenders in Maryland are prohibited from false advertising and required not to discriminate under ECOA



ARTIFICIAL INTELLIGENCE - USAGE BY FINANCIAL PROVIDERS



OPERATIONAL EFFICIENCY & AUTOMATION

- Automated Process Workflows
- Algorithmic Trading
- Robo-Advisory Services



RISK MANAGEMENT & FRAUD DETECTION

- Real-time Fraud Analysis
- Credit Risk Assessment
- Regulatory Compliance Monitoring



CUSTOMER EXPERIENCE & PERSONALIZATION

- AI-Powered Chatbots
- Personalized Financial Advice
- Targeted Product Recommendations





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