

Dropped from US defense bill, cannabis banking still has long- term momentum

Article

The news: A federal legislative provision that would allow US banks to serve cannabis businesses has been excluded from an updated version of the 2022 National Defense

Authorization Act (NDAA), per Banking Dive.

More on this: The provision is called the Secure and Fair Enforcement Banking Act (SAFE Banking Act) and was **included** in an NDAA version that passed the House in September, Insider previously reported. It would **let** banks offer services in states where cannabis is legal even as the drug remains illegal at the federal level.

- **Rep. Ed Perlmutter (D-Colorado), a chief sponsor of the SAFE Banking Act, **blasted** the omission** in a tweet, faulting lack of momentum in the US Senate as a cause. The congressman has **filed a version of the SAFE Banking Act several times since 2013** and will **continue to push for it**, Banking Dive reported.
- The SAFE act has some bipartisan support: **Rep. David Joyce (R-Ohio)**, reacted to the news by **tweeting** about his concerns. stating that the Senate not acting “endangers public safety, stifles economic equity, and exacerbates the unsustainable patchwork of federal/state #cannabis laws.”

The big takeaway: While the SAFE Banking Act’s exclusion from the NDAA is a short-term setback for cannabis banking, it’s not a death knell. Backers’ fervent support will likely lead lawmakers to make another push in the not-too-distant future.

Some companies have filled the void by working with commercial cannabis growers, producers, manufacturers, and dispensaries that need access to capital and financial services:

- A startup called **SuperNet **plans**** to offer a credit card for business and customers that **will work for transactions at 100 California dispensaries.**
- **POSaBIT and Shield Compliance** have **formed** an alliance to **provide financial compliance support to cannabis businesses**, which includes anti-money laundering (AML).
- **KindTap is **launching**** a credit-line product for consumers to use for cannabis purchases, which entails using a web-based app either online or in stores. The company is initially offering the product in Massachusetts, with plans to expand to other states.

Acting now means that these companies are positioning themselves to make money within an industry that racked up **\$17.5 billion in **sales** during 2020** and is **projected to be worth \$100 billion in the US by 2030**. They could gain a first-mover advantage in cannabis banking from fostering customer relationships now.

How Do US Investors Feel About Cannabis Stocks?

% of respondents, June 2021

53% of US investors currently not invested in cannabis stocks would consider investing if the plant became federally legal.

48% of US cannabis investors expect to hold on to their current cannabis investments for one to three years.

46% of US cannabis investors predict long-term growth.

43% of US investors currently hold at least one cannabis-related stock.

Source: *MagnifyMoney* as cited in company blog, June 14, 2021

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