

AUGUST 8, 2013

# International Fund Transfers

SMALL ENTITY COMPLIANCE GUIDE  
VERSION 2.0



Consumer Financial  
Protection Bureau

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# 1. Introduction

Consumers in the United States send billions of dollars abroad each year. In 2010, the Dodd-Frank Act<sup>a</sup> expanded the scope of the Electronic Fund Transfer Act's requirements for certain international fund transfers. These transactions are referred to as "remittance transfers." To implement the Dodd-Frank Act requirements, the Consumer Financial Protection Bureau (CFPB or Bureau) issued a new [rule](#) that requires most companies that provide remittance transfers to give their customers certain disclosures, and establishes cancellation and error resolution procedures. Details on how to access the complete text of the rule and other available resources are located at the end of this guide.

All remittance transfer providers must comply with this rule by **October 28, 2013**.

In this guide, the transactions covered by the rule are called "remittance transfers," or "remittances." Your customers may also refer to them by other names, such as "international money transfers" or "international wires."

## I. What is the purpose of this guide?

The purpose of this guide is to provide an easy-to-use summary of the remittance transfer rule. This guide also highlights issues that businesses, in particular small businesses and those that work with them, may want to consider when implementing the rule. Further, this guide meets the requirements of Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996, which requires the Bureau to issue a small entity compliance guide to help small businesses comply with these new regulations.

The focus of this guide is the remittance transfer rule. This guide does not discuss other federal or state laws that may apply to remittance transfer providers.

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<sup>a</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 11-203, § 1073, 124 Stat. 1376 (2010) (amending 15 U.S.C. 1693 *et seq.*).

The CFPB anticipates that most businesses that qualify as “remittance transfer providers” will have to make some changes to their processes, software, contracts, or other aspects of their practices. The businesses that help remittance transfer providers send money abroad, such as software providers, agents in the United States, foreign agents, and others, may also have to make changes to their business practices and systems.

Changes related to this rule may take careful planning, time, or resources to implement. This guide will help businesses identify and plan for any necessary changes.

This guide was prepared by CFPB staff. The guide summarizes the remittance transfer rule adopted by the CFPB but is not a substitute for the rule. Only the rule can provide complete and definitive information regarding its requirements. The rule is contained in four Federal Register Notices available on the Bureau’s website at:

<http://www.consumerfinance.gov/regulations/final-remittance-rule-amendment-regulation-e/>.

An unofficial compilation of the complete rule, including the Staff Commentary, is also available at that website. At the end of this guide, there is more information about how to read the rule and a list of additional resources.

## II. Who should read this guide?

Any business that sends money internationally for consumers may find this guide helpful. The remittance transfer rule covers a broad range of companies and types of transfers. This guide will help you determine whether the transfers you send are regulated by this rule, and if so, what your compliance obligations are. It discusses exceptions that might apply to you, including a temporary exception that allows insured depository institutions and credit unions to use certain estimates in their disclosures. This guide may also be helpful to agents, software providers, and other companies that serve as business partners to remittance transfer providers.

## III. Whom can I contact about this guide or the remittance transfer rule?

For more information on the rule, please contact the CFPB’s Office of Regulations at (202) 435-7700, or email legal guidance questions to [CFPB.RemittanceRule@cfpb.gov](mailto:CFPB.RemittanceRule@cfpb.gov).

Email comments about the guide to [CFPB.RemittanceGuide@cfpb.gov](mailto:CFPB.RemittanceGuide@cfpb.gov). Your feedback is crucial to making sure the guide is as helpful as possible. We would love to hear your thoughts on its usefulness and readability, and about improvements you think are needed.

We would like to know:

1. What kind of business do you operate?
2. Generally, what is the size of your business?
3. Where are you located?
4. How useful did you find the guide for understanding the rule?
5. How useful did you find the guide for implementing the rule at your business?
6. Do you have any suggestions for improving the guide, such as additional information regarding how to implement the rule?

## IV. What has changed since Version 1.0?

The Bureau issued Version 1.0 of this guide in September 2012. Since then, the Bureau revised several requirements of the rule, particularly concerning the disclosure of institution fees and foreign taxes and procedures that apply to errors that result from a consumer providing incorrect account information. Revisions in this version of the guide that reflect the Bureau's changes to the rule appear in the sections of the guide discussing disclosures and error resolution. In addition, based on feedback the Bureau has received regarding the rule and the first version of the guide, we have made other changes and enhancements throughout. As noted above, we welcome further feedback on how to improve this guide in the future.

## 2. Summary: What is the rule about? What does it require?

The following is a summary of the remittance transfer rule. The rule is discussed in more detail later in this guide.

### I. What does the rule cover?

Generally the remittance transfer rule applies to transactions that (i) qualify as remittance transfers and (ii) are sent by people or companies that qualify as remittance transfer providers.

Remittance transfers are electronic transfers of funds that are more than \$15 requested by consumers in the United States, and sent to people or companies in foreign countries. These transfers include many types of international transfers, including cash-to-cash money transfers, international wire transfers, international ACH transactions, and certain prepaid card transfers.

The rule applies to most companies that offer remittance transfers, including:

banks;

thrifts;

credit unions;

money transmitters; and

broker-dealers.

Companies that consistently send 100 or fewer remittance transfers a year do not qualify as remittance transfer providers and are not covered by the rule. This exception is discussed on page 15.

Insured depository institutions and credit unions are covered by the rule, but have a temporary exception that allows them to estimate disclosure information in certain circumstances. This exception is discussed on page 26.

## II. Disclosure obligations

The remittance transfer rule generally requires a company to give two disclosures to their customers, who are referred to in the rule and this guide as “senders.” Amounts disclosed must be exact, although in limited cases, companies can estimate certain amounts. Companies must provide the disclosures in English, and sometimes also in other languages, as discussed on page 17.

The first disclosure – known as a pre-payment disclosure – is given to the sender before he or she pays for the remittance transfer. This disclosure must list the amount of money to be transferred, the exchange rate, certain fees including those collected by the provider, taxes collected by the provider, and the amount of money expected to be delivered abroad, not including certain recipient institution fees or foreign taxes. Disclosure of foreign taxes and certain recipient institution fees is optional, and these fees and taxes need not be disclosed, as discussed on page 21. The fact that the company provides this pre-payment disclosure does not mean that the sender is obligated to complete the transaction. Indeed, senders may compare these disclosures across a number of providers.


A company must also provide a receipt when payment is made. The receipt must repeat the information in the first disclosure. (If the first disclosure is inaccurate, a corrected disclosure must be provided.) The receipt must also tell the sender the date when the money will arrive, in addition to other specific information.

Instead of issuing a separate pre-payment disclosure and receipt, a company may opt to provide a single combined disclosure before the sender pays for the transfer, so long as proof of payment is given when payment is made.

There are special disclosure rules for transfers scheduled in advance of the transfer.

## III. Cancellation and error resolution rights

The rule gives senders 30 minutes to cancel a remittance transfer and receive a refund. Special cancellation rules apply to transfers scheduled three or more business days before the transfer date.

 **Implementation Tip:** Consumers do not have to wait at your branch or store front until the 30 minutes expires. They only need a way of contacting you to cancel the transfer before the cancellation period expires.



Senders have 180 days to report errors in regards to a particular transfer. If a sender reports an error, a company must investigate it. For certain errors, senders can receive a refund or redelivery, without charge, of any amount that did not arrive. Remittance transfer providers are also responsible for mistakes made by their agents.

# 3. Key questions

These are the key questions you should think about relating to this rule:

Do you offer consumers a way to send money abroad?

Are the transfers you provide remittance transfers?

If so, are you a remittance transfer provider?

If the answer to any of these questions is “no,” then you do not have compliance obligations under this rule. If the answer to all of these questions is “yes,” you will need to comply with the rule. If so, these are the key legal questions you will need to consider:

What are your disclosure obligations?

What cancellation rights do senders have?

What are your error resolution obligations?

Additionally, there are a number of practical questions that may help you identify any changes to your business practices necessary to ensure legal compliance. We have included a discussion of practical compliance questions on page 34.

# 4. What is a remittance transfer and what qualifies a company as a remittance transfer provider?

Generally, consumers in the United States who send money electronically to consumers or business recipients in foreign countries are sending remittance transfers. Although you may traditionally think of remittances as money sent by immigrants to family members abroad, many other international fund transfers qualify as remittance transfers under the rule. For example, wire transfers of funds to make tuition payments in foreign countries may be remittance transfers. There is also no cap in the rule on the size of the transfer that may be a remittance transfer. As long as the transaction is more than \$15, the transfer might be covered by the rule.

This section discusses what is, and is not, a remittance transfer. It also discusses who is, and is not, a remittance transfer provider. Only remittance transfers sent by remittance transfer providers are subject to the requirements outlined in section 5.

## I. Is there a remittance transfer?

### i. Remittance transfer (§ 1005.30(e))

A remittance transfer is an electronic transfer of funds requested by a sender to a designated recipient that is sent by a remittance transfer provider. A transaction can be a remittance transfer:

- whether or not the sender has an account with the remittance transfer provider; and

- whether or not the transfer is an electronic fund transfer under the federal

Electronic Fund Transfer Act.

Some examples of transactions that may be remittance transfers are cash-to-cash transfers, cash-to-account transfers, international wire transfers, international automated clearing house (ACH) transfers, and certain prepaid card transactions. However, transfers where a check is mailed abroad generally would not be remittance transfers since they are not electronic transfers.

**Implementation Tip:** The term “remittance” sometimes refers to immigrants sending small amounts of money to their home countries. But the rule applies to a much broader set of transactions, including an immigrant’s transfer of \$100 to his mother in another country or a consumer’s \$5 million wire transfer to purchase luxury real estate in another country.

## ii. Sender (§ 1005.30(g))

For there to be a remittance transfer, there has to be a sender. A sender is an individual consumer located in a state (as defined in § 1005.2(l)) who, primarily for personal, family, or household purposes, requests that a remittance transfer provider send a remittance transfer to a designated recipient. A transfer requested by a business is not a remittance transfer. So, transfers from sole proprietor accounts are not remittance transfers.

Whether a sender is in a state depends on whether or not the transfer is made from an account in a state.

*Account-based transfers:* For a transfer made from an account, whether a sender is located in a state depends on where the sender’s account is located, not where the sender is physically located at the time of the transfer. That is, if the account is located in a state, the consumer’s physical location is irrelevant for purposes of determining whether there is a remittance transfer.

**Implementation Tip:** To identify remittance transfers, you will need to identify which senders are located in the United States and which recipients are located in other countries. If you are not sure how to determine a sender’s location, you can choose to provide disclosures for all international transfers.

*Non-account-based transfers:* When a transfer is not made from an account, and is requested in person, you will know whether the sender is located in a state by her physical presence. However, if the transfer is requested electronically or by phone, you can rely on other information provided by the sender, and any records associated with the sender that you may have to determine whether the sender is located in a state. For example, the provider may have the sender’s address on file. If the provider has no other information, it can rely on that file to determine the sender’s location.

### iii. Designated recipient (§ 1005.30(c))

For a transaction to be a remittance transfer, there needs to be a designated recipient. A designated recipient is any person specified by the sender as the authorized recipient of a remittance transfer to be received at a location in a foreign country. As opposed to a sender, the designated recipient can be an individual consumer or a business. So, both consumer-to-consumer and consumer-to-business transfers abroad may be remittance transfers. The designated recipient is identified by the name reflected on the receipt provided to the sender. The sender and the designated recipient may also be the same person if, for example, a sender has a bank account in the United States and sends a remittance transfer to another account she holds at a financial institution in France.

You should look to where funds will be received to determine whether there is a designated recipient. A remittance transfer is received at a location in a foreign country if funds are to be physically received at a location outside of any state. For transfers to an account, this depends on where the recipient's account is located. For example, the sender may transfer funds to a recipient's account in Brazil, even though the recipient may be in the United States at the time of the transfer. In this case, there is a designated recipient, because the recipient's account is located in a foreign country. However, a transfer to a recipient's account in Florida would not be an international remittance transfer for purposes of this rule, even if the recipient physically is located in France, because the recipient's account is located in a state.

### iv. Exceptions

Transfers of \$15 or less are exempt from the rule. In addition, certain transfers related to the purchase or sale of securities or commodities are not covered by the rule. See § 1005.30(e)(2) for more information.

The following chart gives some examples of transfers that are and are not remittance transfers under the rule


**TABLE 1: IS IT A REMITTANCE TRANSFER?**

Example	Yes	No
Consumer sends cash at a money transmitter located in Colorado to a business recipient in France	✓	
Business sends cash at a money transmitter located in Colorado to a consumer recipient in France		✓ - business is not a "sender"
Consumer wires money from a bank account in California to a consumer bank account in Brazil	✓	
Consumer sends an ACH from a bank account in California to make a mortgage payment in Brazil	✓	
Consumer sends cash at a money transmitter in California to a consumer recipient in Colorado		✓ - recipient is not located in a foreign country
Consumer buys a prepaid card in the U.S., and provider gives or mails the prepaid card to that consumer in the U.S.		✓ - provider does not know whether consumer will send the card abroad
Consumer buys a prepaid card in the U.S., and the provider mails the prepaid card directly to a recipient abroad	✓	
Consumer has a U.S.-based bank account, and her bank mails an ATM card associated with that U.S. account to a recipient abroad		✓

## II. Are you a remittance transfer provider?

### i. Definition of remittance transfer provider (§ 1005.30(f)(1))


A remittance transfer provider is any person that provides remittance transfers for a consumer in the normal course of its business, regardless of whether the consumer holds an account with that person. Money transmitters, depository institutions, credit unions, and broker-dealers can be remittance transfer providers.

 **Implementation Tip:** Remittance transfers may be sent by various departments in your company. You may need to identify and contact each department to determine how many remittance transfers you provide per year.

### ii. Normal course of business (§ 1005.30(f)(2))

Whether you provide remittance transfers in the normal course of business depends on the facts and circumstances, such as the total number and frequency of transfers that you provide. To make this determination easier, the rule provides a safe harbor. If you provided 100 or fewer remittance transfers in the previous calendar year, and you have provided 100 or fewer remittance transfers in the current calendar year, then you will not be considered to be providing remittance transfers in the normal course of your business.

If you exceed the 100-transfer safe harbor in a given year, you could still be exempt under a facts and circumstances test. *See* § 1005.30(f) to find out more. Otherwise, if you were eligible for the safe harbor but then exceed it in a given year, you have up to six months to come into compliance with the rule.

 **Implementation Tip:** When counting to 100, you need to count all types of remittance transfers covered by the rule together. If you sent 60 international wire transfers and 50 international ACH transactions last year, then you provided over 100 remittance transfers last year.

With regard to transfers provided prior to the October 28, 2013 effective date, the Bureau expects that providers who did not distinguish remittance transfers from other electronic transfers of funds sent to recipients in other countries can use reasonable means to identify what subset of these transfers were remittance transfers, based on available information. For example, to determine the number of transfers in the present calendar year, a bank might conclude that every outbound international wire transfer initiated by a consumer is a remittance transfer for purposes of determining whether the safe harbor applies.

**TABLE 2: DOES THE 100 TRANSFER SAFE HARBOR EXEMPT YOUR BUSINESS FROM THE RULE IN 2013?**

Example	Yes	No
Bank sent 65 international consumer wires in 2012 and 65 international consumer ACH payments in 2012.		✓ - 130 total remittance transfers in 2012*
Credit union sent 65 remittance transfers in 2012 and sent 65 remittance transfers in 2013.	✓	
Money transmitter sent 65 remittance transfers in 2012, sends 101 <sup>st</sup> remittance transfer in 2013 on November 1 <sup>st</sup>		✓ - Depending on the facts and circumstances, the transmitter may be subject to the Rule on November 1 but has a reasonable grace period up to 6 months to comply
Credit union sent 65 remittance transfers in 2012 and sends its 101 <sup>st</sup> remittance transfer in 2013 on August 1		✓ Depending on the facts and circumstances, the transmitter may be subject to the Rule but has a reasonable grace period, of up to six month to comply from August 1.
Bank sent 55 foreign wire transfers and 55 domestic wire transfers in 2012 and 2013	✓ - Domestic transfers are not covered by the rule*	

\* Assume for purposes of this example that the international transfers would be remittance transfers under the rule.




# 5. What do providers have to do to comply with the rule?

If you are a remittance transfer provider, the next steps are to understand your obligations under the rule. In connection with each transfer you send, you will have disclosure obligations as well as error resolution and cancellation obligations. In particular, the required disclosures, and how you give them, may be different from what you do today.

## I. What are your disclosure obligations? (§§ 1005.31 and 1005.32)

The rule requires providers to give consumers disclosures at certain stages of the remittance transfer process. The rule requires you to give a pre-payment disclosure to a consumer before the consumer pays for a remittance transfer. You must also provide a receipt when payment is made. Model disclosure forms are provided in Appendix A to Regulation E, and are also available to download on the [CFPB's website](#).

Amounts disclosed must be exact, although in some cases, companies can estimate amounts. Companies must provide the disclosures in English, and in any other languages that they use to advertise, solicit, or market their services at a particular office, or in which the transaction was conducted. Section I describes the disclosures along with form, format, and language requirements. Estimates are discussed in section II.

 **Implementation Tip:** In many cases, the rule requires providers to print disclosures for the consumer before the consumer pays for the transfer. If you do not already provide disclosure forms before payment, you may need to retrain your front-line staff, as well as consider changes to your software, in order to print the disclosures.

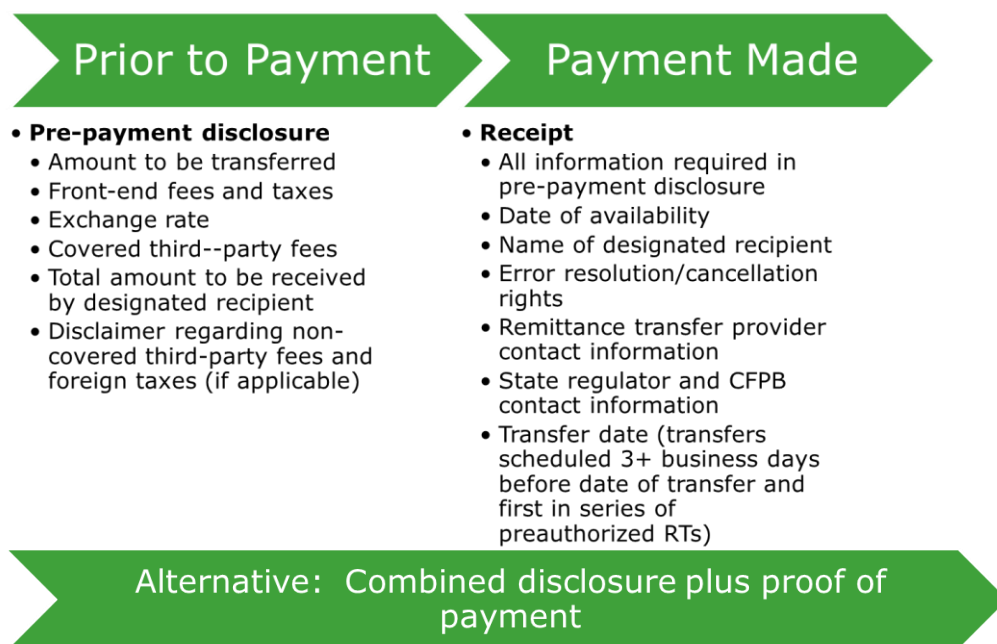
Some information required in the disclosure may not be applicable to a particular transfer. In these cases, you're not required to provide it. For example, if an exchange rate is not applied to the transaction (e.g., if the transfer is sent and received in dollars), then disclosure of an exchange rate does not need to be made.

**Implementation Tip:** Think about whether the rule allows you to estimate the disclosed amounts, and whether you need to provide the disclosures in other languages.

Alternative disclosure procedures apply to remittance transfers scheduled before the date of transfer, including recurring transfers. The rule describes these procedures in § 1005.36.

Figure 1 summarizes the information that must be provided, where applicable, in each disclosure.

#### DISCLOSURE INFORMATION



### i. Pre-payment disclosure (§ 1005.31(b)(1))

A provider must give a sender a pre-payment disclosure after he or she requests the remittance transfer, but before he or she pays for the transfer. The pre-payment disclosure informs the sender of the cost of the transaction before he or she decides to complete a transfer. The sender is not required to complete the transaction after receiving this disclosure. If the sender leaves to think about conducting a transfer, returns later on, and your rates or fees have changed, you need to provide the consumer with a new, accurate pre-payment disclosure before payment is made.

The information to be disclosed is summarized in Figure 1 above, and is described in more detail in Table 1 below. Table 1 shows a model pre-payment disclosure (as set out in [Appendix A-30\(a\)](#) to Regulation E), followed by an explanation of the numbered components.

**Implementation Tip:** For providers that want to take advantage of the exception for senders' mistakes regarding account numbers and recipient institution identifiers, consider where it is appropriate to provide clear and conspicuous notice that the sender could lose the transfer amount if the two provided numbers are wrong.

## A – 30(A) – MODEL FORM FOR PREPAYMENT DISCLOSURES

<b>ABC Company</b>	
1000 XYZ Avenue Anytown, Anystate 12345	
Today's Date:	March 3, 2014
<b>NOT A RECEIPT</b>	
Transfer Amount:	\$100.00 <sup>1</sup>
Transfer Fees:	+\$7.00 <sup>2</sup>
Transfer Taxes:	+\$3.00 <sup>2</sup>
Total:	\$110.00 <sup>3</sup>
Exchange Rate:	US\$1.00 = 12.27 MXN <sup>4</sup>
Transfer Amount:	1,227.00 MXN <sup>5</sup>
Other Fees:	-30.00 MXN <sup>6</sup>
Total to Recipient:	1,197.00 MXN <sup>7</sup>
Recipient may receive less due to fees charged by the recipient's bank and foreign taxes. <sup>8</sup>	

### 1. Transfer amount (in the sender's currency)

The *transfer amount* shows the amount to be transferred to the recipient. This amount must be stated in the currency in which the sender pays for the remittance transfer. For example, if a sender pays in dollars to send funds to a recipient who will receive the funds in pesos, the transfer amount should be stated in dollars.

### 2. Transfer fees and taxes (in the sender's currency)

*Transfer fees and taxes* include any up-front fees or taxes you impose or pass onto the sender (including state taxes imposed by a state or other governmental body), and must be disclosed in the currency in which the sender pays for the transfer. These up-front fees and taxes must be disclosed as two separate line items, as applicable. This disclosure shows the consumer how much you are charging for the transfer, and makes this charge transparent by separating it from any taxes you must collect.

### 3. Total amount of the transaction (in the sender’s currency)

The *total amount of the transaction* reflects the sum of the transfer amount and up-front transfer fees and taxes imposed or passed on by the provider, disclosed in the currency in which the sender pays for the transfer. In other words, this is the total amount the sender must pay out-of-pocket.

### 4. Exchange rate

The *exchange rate* is the exchange rate applied to the remittance transfer. An exchange rate must be disclosed – floating and unknown rates are not allowed. Even if you do not set the exchange rate yourself, it has to be disclosed. For example, if you work with correspondent banks that do the currency conversion, you still must disclose the exchange rate that applies to the remittance. However, you may be able to estimate the exchange rate under an exception to the rule (*see* “Exceptions,” below).

The disclosed exchange rate must be rounded from 2 to up to 4 decimal places, consistently for each currency. You should only round the exchange rate on the disclosure to the consumer. Any calculations you or your software systems make must use the actual exchange rate.

**Implementation Tip:** Has your customer told you that funds are to be received in another currency? Even if you don’t do the conversion yourself, you need to disclose the exchange rate that will be applied to the transaction. You may be able to estimate the rate if an exception to the rule applies.

You may rely on the sender’s representations to determine the currency in which the transfer will be received. If the sender does not know the currency in which funds will be received, you may assume that funds are to be received in the same currency in which the transfer is funded.

### 5. Transfer amount (in the designated recipient’s currency)

The *transfer amount* must be restated in the currency in which the designated recipient will receive the remittance if other fees, defined in the rule as “covered third-party fees”, will be imposed. This is calculated by applying the disclosed exchange rate to the transfer amount shown in **1**. The purpose of this is to show what the recipient would receive before any covered third-party fees are applied.

**Implementation Tip:** It may require research to determine and disclose fees charged by other parties. Consider:

1. Can you use contracts to limit or learn about the fees that other parties charge?
2. What are the potential sources of fee information? Sources might include agents, foreign currency, correspondent banks, consulting or law firms, or industry associations.
3. How do you want to update and maintain current fee information?
4. How can you feed fee information into your disclosure forms?

## **6. Other fees (in the designated recipient's currency)**

*Other fees* are fees imposed by someone other than the remittance transfer provider that will be deducted from the amount transferred by the consumer. These fees are limited to those charged by an agent of the provider, such as a pick-up fee, or those charged by an intermediary involved in processing the transfer, such as a lifting fee. You may not disclose on this part of the form any foreign taxes or fees charged by the recipient's institution if that institution is not the provider's agent. "Other fees" may be estimated if an exception applies (see Estimates Allowed in Limited Circumstances on page 25, below).

## **7. Total to recipient (in the designated recipient's currency)**

*Total to recipient* shows the amount the designated recipient will receive, in the currency in which funds will be received, after all of the amounts disclosed above have been deducted. The exchange rate used to calculate this amount must be the disclosed exchange rate, prior to any rounding. This disclosure helps the consumer determine the total cost of the transaction. Note that this amount may not include non-covered third-party fees or foreign taxes.

## **8. Disclaimers**

*Disclaimers* may be required depending on whether foreign taxes or non-covered third-party fees (i.e. certain recipient institution fees) may apply to the transfer. For example, if the provider does not know that the recipient country, province, or locality where the transfer is received does not levy a tax on remittance transfers, the provider must include a disclaimer that additional foreign taxes may apply. Similarly, if the transfer is to be received in the account of the designated recipient, the recipient institution is not the provider's agent, and the provider does not know that the recipient institution does not charge a fee for receiving a transfer, a disclaimer must also be included. For both of these disclaimers, a provider may choose to include the amounts of these non-covered third-party fees or foreign taxes or an estimate of these amounts based on reasonable sources of information.

## **ii. Receipt (§ 1005.31(b)(2))**

Remittance transfer providers must also give senders a receipt when the sender pays for the remittance transfer. The information to be disclosed is summarized in Figure 1 above, and described in more detail in Table 2 below. Table 2 shows a model receipt (as set out in [Appendix A-31](#) to Regulation E), followed by an explanation of the numbered components.

**A – 31 – MODEL FORM FOR RECEIPTS**

**ABC Company<sup>5</sup>**  
1000 XYZ Avenue  
Anytown, Anystate 12345

Today's Date: March 3, 2014

**RECEIPT**

**SENDER:**

Pat Jones  
100 Anywhere Street  
Anytown, Anywhere 54321  
222-555-1212

**RECIPIENT:<sup>3</sup>**

Carlos Gomez  
123 Calle XXX  
Mexico City  
Mexico

**PICK-UP LOCATION:**

ABC Company  
65 Avenida YYY  
Mexico City  
Mexico

Confirmation Code: ABC 123 DEF 456

Date Available: March 4, 2014<sup>2</sup>

Transfer Amount:	\$100.00
Transfer Fees:	+\$7.00
Transfer Taxes:	+\$3.00
Total:	\$110.00 <sup>1</sup>

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees:	-30.00 MXN
Total to Recipient:	1,197.00 MXN

Recipient may receive less due to fees charged by the recipient's bank and foreign taxes.

You have a right to dispute errors in your transaction. If you think there is an error, contact us within 180 days at 800-123-4567 or [www.abccompany.com](http://www.abccompany.com). You can also contact us for a written explanation of your rights.<sup>4</sup>

You can cancel for a full refund within 30 minutes of payment, unless the funds have been picked up or deposited.

For questions or complaints about ABC Company, contact:

State Regulatory Agency<sup>6</sup>  
800-111-2222  
[www.stateregulatoryagency.gov](http://www.stateregulatoryagency.gov)

Consumer Financial Protection Bureau<sup>6</sup>  
855-411-2372  
855-729-2372 (TTY/TDD)  
[www.consumerfinance.gov](http://www.consumerfinance.gov)

### 1. Pre-payment disclosure information

The *pre-payment disclosure information* is all the information required to be disclosed in the pre-payment disclosure (see above).

### 2. Date of availability

The *date of availability* shows the date funds will be made available to the recipient. In some instances, it may be difficult to determine the exact date on which a remittance transfer will be available to a designated recipient. You may choose to disclose the latest date on which the funds would be available, and can state that funds “may be available sooner.”

### 3. Recipient’s contact information

The *recipient’s contact information* includes the recipient’s name and, if available, the recipient’s phone number and address.

 **Implementation Tip:** For certain types of transfers, it may be difficult to know the exact date of availability. Consider what business partners may help you understand the process times for transfers to different countries.

### 4. Statement of sender’s rights

The *statement of sender’s rights* is an abbreviated statement of a sender’s error resolution and cancellation rights. A model statement is provided in [Appendix A-37](#) to Regulation E. If a sender requests more information about his or her error resolution and cancellation rights, you must promptly give the sender a more complete statement, called a “long-form statement.” A model long-form statement is provided in [Appendix A-36](#) to Regulation E.

### 5. Remittance transfer provider’s contact information

The *remittance transfer provider’s contact information* includes your company’s name, phone number, and, if applicable, website.

### 6. Regulator’s contact information


The *regulator’s contact information* explains that the sender can contact the remittance transfer provider’s regulators with questions or complaints. You must provide the CFPB’s name, website, and phone number so that the consumer is able to submit a complaint to the CFPB. If you are licensed or chartered by a state regulator, you also must provide that regulator’s name, phone number, and website. If you are licensed or chartered in multiple states, you need to provide information for only one state.

## iii. Combined disclosure (§ 1005.31(b)(3))

Instead of providing a separate pre-payment disclosure and receipt, you may give senders a single combined disclosure.

*Timing:* The timing is the same as the pre-payment disclosure: when the sender requests the remittance transfer, but before he or she pays for the transfer.

*Contents:* The contents are the same as in the contents of the receipt, except for the additional proof of payment requirement. What does this mean in practice?

 **Implementation Tip:** Consider whether you want to provide a pre-payment disclosure and a receipt, or a combined disclosure with proof of payment. The right choice for you depends on your systems and customer expectations.

*Proof of payment:* If you provide a combined disclosure, you must also give the sender proof of payment when payment is made. This proof of payment must be clear and conspicuous, retainable, and may be provided in writing or electronically. The rule does not specify any other particular format for the proof of payment—for example, you may feed a combined disclosure through a computer printer when payment is made to add the date and time, confirmation code, and a “paid” stamp.

#### iv. Disclosure format (§ 1005.31(a))

The rule sets out requirements for the form and format of disclosures. The same form and format requirements generally apply to the pre-payment disclosure, receipt, and combined disclosure. Modified requirements apply for transactions conducted by phone, mobile application, or text message.

##### 1. Form

Disclosures must be clear and conspicuous. Disclosures also generally must be made in writing and in retainable form. The rule permits disclosures to be provided on any size of paper, as long as the disclosures are clear and conspicuous. For example, a disclosure may be provided on a register receipt or on an 8.5” x 11” piece of paper.

The rule sets out specific form and retainability requirements with respect to remittance transfer requests received electronically, as well as remittance transfers conducted over the phone, by mobile application, or by text. See § 1005.31(a) for more details.

##### 2. Format


The rule contains format requirements for information required in the disclosures. For example, the rule specifies that certain information required in the pre-payment disclosure must be grouped together and in close proximity to one another. In addition, the text generally must be in at least 8 point font. The required information generally must be segregated from other information provided to the sender. You can rely on the model form to satisfy these formatting requirements. The format requirements can be found in § 1005.31(c).



## v. Language (§ 1005.31(g))

Disclosures must always be made in English. For most transactions, you also must provide the sender disclosures in any foreign languages principally used to advertise, solicit, or market remittance transfer services at an office in which the sender conducts a transfer or asserts an error. Alternatively, you can choose also to provide disclosures in the language primarily used by the sender to conduct the remittance transfer or to assert an error. Note that different foreign language requirements apply to transactions conducted by telephone, which are described in § 1005.31(g)(2).

What does this mean in practice? Consider an office where you market remittance transfers in English, Spanish, and Vietnamese, and you help a sender that conducts a transaction entirely in Spanish. Under the first option, you must provide written disclosures in all three languages. Alternatively, you can provide disclosures just in English and Spanish to that sender.

 **Implementation Tip:** Printing disclosures in languages that use different character sets may require changes to hardware or software. Consider your printing capabilities and the languages you use to advertise, solicit, or market remittance transfers at your offices.



Circumstances may arise where you may give disclosures solely in English. For example, if the sender uses a language to conduct the transaction that is not one principally used to advertise, solicit, or market at that office, then you may give disclosures solely in English. Or, if a sender primarily uses English to conduct the remittance transfer, providing disclosures solely in English would be sufficient. Modified requirements apply for transactions conducted by phone, mobile application, or text message.

## II. Estimates allowed in limited circumstances (§ 1005.32)

Generally, all disclosed amounts must be exact. However, there are several exceptions that allow providers to estimate the applicable exchange rate, back-end fees and taxes, and total funds to be received. These exceptions include a temporary exception for insured depository institutions and credit unions, and permanent exceptions for transfers to certain countries and for certain back-end fees and taxes that are not otherwise required to be disclosed.<sup>b</sup> These exceptions are limited, so you should make sure the transfer at issue qualifies before you rely on an exception. If estimates are permitted, you generally must use the methods described in the rule for determining estimated amounts.

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<sup>b</sup> There is also a permanent exception for transfers scheduled before the date of transfer. We discuss these transactions briefly later in this guide.

## **i. Temporary exception for insured depository institutions and credit unions**

To take advantage of this exception, you must meet the following criteria.

### **1. Insured depository institution or credit union**

You must be an insured depository institution or credit union, or an uninsured U.S. branch or agency of a foreign depository institution.

### **2. Account-based transfers**

The remittance transfer must be sent from the sender's account with you.

### **3. Unable to determine exact amounts**

You must be unable to determine exact amounts for reasons outside your control. For example, you may not be able to determine the exchange rate if it is set by the designated recipient's institution, and you have no correspondent relationship with that institution. Comment 32(a) provides guidance on other qualifying situations.

### **4. Time Period**

This is a temporary exception that will be available for qualified transfers through July 21, 2015. The Dodd-Frank Act permits the exception to be extended for up to five additional years if certain conditions are met. The CFPB expects to assess those conditions and decide whether to extend the deadline several months before it expires in July 2015.

## **ii. Permanent exception for transfers to certain countries**

### **1. Unable to determine exact amounts**

To take advantage of this exception, you must be unable to determine exact amounts due to either (i) the laws of the recipient country or (ii) the method by which transactions are made in the recipient country. The first may occur, for example, if the recipient country prohibits you from setting the exchange rate. The second primarily addresses international ACH transfers where the exchange rate is set based on an agreement between the U.S. and a foreign government, such as the country's central bank.

### **2. Safe harbor countries list**

The CFPB has published a safe harbor list of countries that you can rely on unless you have information that it is possible to determine the exact disclosure amounts. If you are sending transfers to any of those countries, you can estimate certain disclosures. The current version of the safe harbor list is available [here](#).

The rule permits providers to make their own determinations that the laws of other recipient countries, not on this list, do not permit a determination of exact amounts. The CFPB welcomes your input on whether it has included the right countries in the list, or about other countries or other areas that you think the CFPB should add to the list. To weigh in, send your feedback and supporting legal authority, in English, through email or mail.

Email to: [CFPB\\_CountriesList@cfpb.gov](mailto:CFPB_CountriesList@cfpb.gov)

Mail to: Office of the Executive Secretary  
Consumer Financial Protection Bureau  
1700 G Street, N.W.  
Washington, D.C. 20552

3. Any provider is eligible for this exception

While the temporary exception is available only to insured institutions, the permanent exception may apply to any provider.

4. Time Period

This exception is permanent, but the countries on the safe harbor countries list may change.

### iii. What can I estimate?

These exceptions allow estimates of the applicable exchange rate, transfer amount in the designated recipient's currency, other back-end fees (i.e., covered third-party fees) not subject to the permanent exception described in subsection v. below, and the total to recipient. Other information, such as the transfer amount in the sender's currency, front-end fees and taxes, and total amount of the transaction, must always be the exact amounts.

### iv. How should I calculate estimates?

If you may disclose estimated amounts, and want to do so, you must calculate the estimates according to one of the specified methods listed out in § 1005.32(c). If you do not use a listed method, you are in compliance so long as the recipient receives the same, or greater, amount of funds than you disclosed.

v. **Permanent exception for certain back-end fees and taxes charged on the remittance transfer by someone other than the remittance transfer provider**

As noted above, a provider need not disclose fees imposed on the remittance transfer for receiving a transfer into an account by a recipient's bank, credit union, or similar institution where such institution is not an agent of the provider. In addition, the rule makes optional the requirement to disclose foreign taxes. As described above, a provider may choose to estimate the amounts of these fees and taxes based on reasonable sources of information. See § 1005.32(b)(3) and comment 32(b)(3)-1. Reasonable sources of information may include, for example: information obtained from recent transfers; fee schedules; surveys of recipient institutions' regulators or taxing authorities; and commercially or publicly available databases, services or sources.

### **III. Cancellation, refund, and error resolution rights (§§ 1005.33 and 1005.34)**

i. **What cancellation rights do senders have? (§ 1005.34)**

Except for transfers scheduled before the date of transfer, a sender can cancel a remittance transfer for up to 30 minutes after he or she pays for the transaction, as long as (i) the funds have not yet been picked up or deposited and (ii) the sender provides specified recipient contact information and enough information for you to identify the transaction.

1. Cancellation notice

Senders can request cancellation orally or in writing. These requests can be made with you or your agent.

2. Procedures

You must refund the total amount of the remittance transfer to the sender within three business days of receiving the sender's cancellation request. This refund must include any fees and, if not prohibited by law, any taxes imposed in connection with the transfer.

## ii. What are your error resolution obligations? (§ 1005.33)

The rule provides consumers with error resolution rights. As illustrated in Figure 2 below, providers have a number of duties throughout the error resolution process. If an error occurs, specific remedies are available to the sender.

### ERROR RESOLUTION PROCESS



#### 1. Compliance policy and recordkeeping (§ 1005.33(g))

You must develop and maintain written policies and procedures designed to ensure compliance with the error resolution requirements of the rule. These written policies and procedures include recordkeeping procedures, which require the retention of at least (i) notices of error submitted by the sender; (ii) documentation provided by the sender with respect to the alleged error; and (iii) any findings from your investigation.

#### 2. What is an error? (§ 1005.33(a))

The rule describes what an error is under the rule. An error means:

- an incorrect amount paid by a sender in connection with the remittance transfer, such as being charged more than the total shown on the receipt;
- a computational or bookkeeping error made by the provider relating to the remittance transfer, such as miscalculating the amount the recipient will receive;
- the failure to make available to a designated recipient the amount of currency disclosed to the sender, unless:
  - the disclosure stated an estimate and the difference results from application of the actual exchange rate, fees, and taxes, rather than any estimated amounts,
  - the failure resulted from extraordinary circumstances outside the provider's control that could not have been reasonably anticipated; or


- the difference results from the application of non-covered third-party fees or taxes collected on the remittance transfer by a person other than the provider and the provider provided the required disclosure.
- the failure to make funds available by the disclosed date of availability (including the non-delivery of funds), unless the failure resulted from:
  - the extraordinary circumstances noted above;
  - delays due to fraud screenings or BSA, OFAC, or similar laws;
  - the transfer being made with fraudulent intent by the sender or any person acting in concert with the sender (e.g., “friendly fraud”); or
  - the sender having provided an incorrect account number or recipient institution identifier (but only if certain conditions are satisfied).

The rule also provides examples of situations that are not considered errors. For example, it is not an error if the sender has instructed you to send rubles but the recipient requests on his or her own to pick up funds in euro.

### 3. How are error resolution procedures triggered?

Your obligation to investigate an error is triggered when the sender notifies you about the error. This notification generally must:

- be received by you or your agent no later than 180 days after the disclosed date of availability of the transfer;
- give you enough information to identify the sender’s name and contact information, the recipient’s name, and the remittance transfer at issue; and
- indicate why the sender believes an error exists.

 **Implementation Tip:** How do you communicate with your business partners? Your investigation obligations are triggered when the sender notifies you or your agent of an error. You should ensure that you have a process in place for your agents or others to promptly forward your error notices. You may need to provide training on new processes to ensure that complaints of errors are recorded and forwarded properly.

### 4. Investigation period

Once you receive notice of an error, you must promptly investigate. You must determine whether an error occurred within 90 days of receiving the notice of error.

5. Report results (§§ 1005.33(c)(1) and (d))

Within 3 business days of completing your investigation, you must report the results to the sender, including notice of any available remedies.


*If an error occurred:* You can report the results orally or in writing.

*If no error has occurred:* If you determine that no error has occurred, you must give the sender a written explanation of the results of the investigation, and notify the sender that he or she has the right to request any documentation you relied upon in making the determination. You must also provide a written explanation if you determine that an error occurred but the error is of a different type or a different amount than the error that the sender reported.

6. What remedies do senders have when there has been an error? (§ 1005.33(c)(2))

The available remedies depend on the type of error.

*General remedies.* Generally, if an error occurs for reasons other than a mistake made by the sender, the sender has two options: refund or redelivery. The refund would be made of the amount of funds that was not properly transmitted or delivered to the designated recipient. Alternatively, the sender can require redelivery of the amount appropriate to resolve the error at no additional cost to the sender.

 **Implementation Tip:** The error resolution requirements may trigger a change in risk management procedures. How can you adjust your business processes and systems to manage the risk of errors occurring, and of having to provide refunds and redeliveries? What is the role of your business partners in helping reduce or manage this risk?

The amount appropriate to resolve the error is the specific amount of transferred funds that should have been received, had there been no error. For example, in a dollar-to-dollar transfer, if the provider disclosed that a recipient would receive \$200, but the recipient only received \$150, the sender could choose either a refund of \$50 or could choose to have the \$50 redelivered at no additional cost to the sender.

*Remedies for failure to make funds available by the date of availability.* If this is the error and the funds have not been picked up yet, the sender can choose to receive a refund or request redelivery of the amount appropriate to resolve the error. These funds must be redelivered without additional cost.

Regardless of whether the refund or redelivery remedy is chosen, the provider must also refund any fees and taxes imposed on the initial transfer. This refund remedy also applies if all the funds have been picked up, but were not ready by the disclosed date of availability. This refund includes covered third-party fees and taxes charged by someone other than the remittance transfer provider (unless a tax refund is prohibited by law).

*Remedies for errors that occur because a sender provided incorrect or insufficient information.* If an error occurred because the sender provided incorrect or insufficient information, the rule requires the provider to refund the principal amount of the transfer to the sender unless the sender elects to have the transfer resent as a new remittance transfer before the refund is sent. The provider may deduct from the transfer amount refunded or applied towards a new transfer any covered third-party fees actually imposed on or, to the extent not prohibited by law, taxes actually collected on the remittance transfer as part of the first unsuccessful remittance transfer attempt. The provider may not deduct its own fees from the amount refunded or applied to a new transfer.

#### 7. Period for correcting errors

The provider must correct an error within one business day of receiving the sender's choice of remedy, or as soon as reasonably practical.

#### 8. Exception where the sender provided an incorrect account number or recipient institution identifier

In situations where a sender provided an incorrect account number or recipient institution identifier (such as a routing number or Business Identifier Code), the provider may not be required to refund or resend the transfer amount if the following conditions are met: (a) the provider can demonstrate that the sender did in fact provide an incorrect number, (b) with respect to recipient institution identifiers, the provider used reasonable means to verify the sender provided the correct identifier, (c) the provider provided notice to the sender that the transfer amount could be lost, (d) the funds were deposited into the wrong account, and (e) the provider used prompt and reasonable efforts to retrieve the funds.

#### 9. Example

For example, consider a sender who calls an agent of the provider about a transfer that was completed 100 days ago. During this call, the sender tells the provider's agent that the transfer amount available to the designated recipient was \$50 less than what was disclosed on the receipt. The provider then takes 30 days to complete an investigation of the error, falling within the 90 day investigation period. The provider finds that there was an error, and the transfer amount available to the recipient was, in fact, \$50 short. The provider contacts the sender the next day, falling within the 3 day notification period, and lets the sender know that she can have a refund or can request redelivery of the \$50. The sender requests a refund, and the next day the provider refunds \$50 to the sender. Assuming the provider has complied with the rule's recordkeeping requirements, the provider has completed its obligations under the error resolution requirements.

## IV. Liability for agents (§ 1005.35)

You are liable for any violation of the rule by an agent or authorized delegate when that party acts on your behalf.



## V. Transfers scheduled before date of transfer (§ 1005.36)

The rule contains special disclosure timing, content, and cancellation requirements for certain transfers scheduled before the date of transfer, including preauthorized remittance transfers. Preauthorized remittance transfers are transfers scheduled in advance to occur recur at regular intervals. Please consult § 1005.36 to learn more about the requirements for these types of transfers.

# 6. Practical compliance issues

You may want to consult with legal counsel or your compliance officer to understand your obligations under the remittance transfer rule, and to devise the policies and procedures you will need to have in place to comply with the rule's disclosure, cancellation, and error resolution requirements.

How you comply with the rule may depend on your business model. When mapping out your compliance plan, you should consider practical implementation issues in addition to understanding your obligations under the rule. Your compliance plan may include:

- Identifying affected products, departments, and staff

Some providers may involve remittance transfers in several different parts of their business. To begin compliance, you may need to identify all affected products, departments, and staff.

- Identifying what business process, operational, and system or technology changes will be necessary for compliance

The new requirements may affect a number of parts of your business systems and processes. For example, marketing or advertising may be affected by the foreign language disclosure requirements, which relate to the languages used to advertise, market, or solicit services at a particular office. The forms and processes you use to communicate with your customers may be affected by the disclosure requirements, as well as the cancellation, refund, and error resolution requirements. The systems and processes you use to send transfers may also be affected. For instance, ensuring that you receive accurate information for disclosures and that you can timely address errors may entail changes in your foreign exchange practices, or your methods of communicating with foreign agents, correspondents, or other business partners.

Fully understanding the changes required may involve a review of your existing business processes, as well as the hardware and software that you, your agents, or other business partners use.

- Identifying key service providers or business partners necessary to obtain and disclose required information, including the applicable exchange rate and any back-end fees and taxes

Foreign exchange providers, software providers, or other vendors and business partners may offer compliance solutions that can assist with any necessary changes. These key partners will depend on your business model. For example, banks and credit unions may find it helpful to talk to their correspondent banks, foreign exchange providers, payment networks or systems, and technology vendors regarding access to disclosure information. Money transmitters may need to talk to their domestic and foreign agents or other business partners, as well as foreign exchange providers, about how to access disclosure information. In some cases, you may need to negotiate revised or new contracts with these parties, or seek a different set of services or equipment. If you need to provide disclosures in foreign languages, you may also need translation services.

If you seek the assistance of vendors or business partners, make sure you understand the extent of the assistance that they provide. For example: if vendors provide information required for disclosures, do they provide all the required information or just part of the required information? To what extent does your vendor assist with cancellation requirements? To what extent does your vendor assist with error resolution, including recordkeeping?

Identifying training needs

Consider what training will be necessary for your tellers, agents, and other customer service representatives, as well as back office staff that approve, process, and monitor transactions. Training may also be required for other individuals that are your employees, or your agents' or business partners' employees.

# 7. Other resources

## I. Federal Register Notices

The complete remittance transfer rule is contained in four Federal Register Notices available on the Bureau's website at: <http://www.consumerfinance.gov/regulations/final-remittance-rule-amendment-regulation-e/>. The notices are dated February 2, 2012; July 10, 2012; August 20, 2012, and May 22, 2013. A fifth notice containing a clarificatory amendment and technical correction was issued on August 7, 2013 and is pending publication in the Federal Register. The later notices amend previous ones. In other words, the July notice amends text contained in the February notice, the August notice includes a further amendment to the text contained in the February notice, and the May notice includes additional amendments to the previous notices. An unofficial compilation of the rule and the official commentary is available at the Bureau's website.

## II. Model Forms

The model forms for complying with the rule included in the [February 2012](#) and [July 2012](#) notices have been superseded by the model forms included in the [May 2013](#) notice. These updated forms are also available separately at <http://www.consumerfinance.gov/regulations/final-remittance-rule-amendment-regulation-e/>.

# III. How to Read the Rule

The Federal Register notices are divided into multiple sections: the Preamble, the Rule Text, and the Official Commentary. Both the rule text and the official commentary will be published in the Code of Federal Regulations at 12 C.F.R. Part 1005, subpart B.

## 1. Preamble

The first section, Supplementary Information, is a preamble to the rule text. It contains an overview of the statute, the rule implementation process, a description of the remittance transfer market, considerations made during the rule-writing process, and a summary of the rule and official commentary. Much of this Supplementary Information section discusses comments submitted during the rule comment period. This section provides insight to the rule, but is not a substitute for the rule.

## 2. Rule text

The second section contains the rule text, which this guide cites from time to time. This text is your authoritative source on what the rule requires. The appendix to the rule text provides model disclosure clauses and forms.

## 3. Official commentary

The third section, titled Supplement I to Part 1005 – Official Interpretations, contains the official commentary to the rule. The commentary interprets the rule text, and is organized according to the sections of the rule. You may find it helpful to refer to the commentary for additional clarification of the rule.