Consumer Financial Protection Bureau

September 12, 2014

CONSUMER FINANCIAL PROTECTION BUREAU FINALIZES RULE TO OVERSEE LARGER NONBANK INTERNATIONAL MONEY TRANSFER PROVIDERS

The Consumer Financial Protection Bureau (CFPB) finalized a rule that allows it to supervise certain nonbank international money transfer providers for the first time. The rule will bring new oversight to larger nonbank international money transfer providers, to make sure they are adhering to the CFPB's new protections for consumers sending money abroad that went into effect last year.

Nonbank International Money Transfers by the Numbers

- **$50 billion:** Estimated amount transferred abroad by nonbanks every year
- **150 million:** Approximate number of individual international money transfers through nonbanks per year
- **At least 7 million:** Number of U.S. households that have sent money abroad through a nonbank

Overview

U.S. consumers send funds abroad for a number of reasons, like assisting family or friends with their expenses or purchasing goods. Pricing for money transfers is complex and may depend not only on fees and taxes, but also on exchange rates. Prior to the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), international money transfers were generally not covered by federal consumer protection regulations.

The Dodd-Frank Act expanded the scope of the Electronic Fund Transfer Act to provide protections for consumers who send remittance transfers. In October 2013, the CFPB's Remittance Rule, which implements these new protections for consumers, went into effect for both banks and nonbanks that are remittance transfer providers.

In January 2014, the CFPB proposed a rule to oversee the larger nonbank international money transfer providers. The CFPB is finalizing that rule today. CFPB examiners already have the authority to supervise the largest banks' and credit unions and to assess their compliance with the Remittance Rule.

New Oversight

The rule we are issuing today subjects any nonbank international money transfer provider that provides more than 1 million international money transfers annually to the CFPB's supervisory authority, effective December 1, 2014. The Bureau estimates that the rule will bring new oversight to about 25 of the largest providers in the market. Providers that are not considered "larger participants" may still be subject to the Bureau's supervisory authority if the Bureau has reasonable cause to determine that they pose risk to consumers.

- **CFPB supervision activities generally include gathering reports from and conducting examinations of supervised entities.** The supervision process includes a review of information, data analysis, on-site examinations, and regular communication with supervised entities, as well as follow-up monitoring. When necessary, examiners will coordinate and work closely with the CFPB's enforcement staff to take appropriate enforcement actions to address harm to consumers.

- **Examiners can review larger nonbank international money transfer providers' conduct to ensure they follow all relevant federal consumer financial laws.** These laws may include the Electronic Fund Transfer Act and Regulation E (which includes the Remittance Rule), and the Dodd-Frank Act's prohibition on unfair, deceptive or abusive acts or practices. These laws protect not only consumers but also responsible providers as well by ensuring that all companies are playing by the rules.

- **The Bureau will use the same examination procedures it uses for bank remittance providers.** CFPB examiners can already supervise the largest banks and credit unions that act as remittance providers to ensure that they are complying with federal consumer financial laws. The rule allows the CFPB to examine larger nonbank international money transfer providers. Examiners will use the same examination procedures that are used for banks.

- **The Bureau will coordinate with state authorities during its examinations.** State authorities license and examine some of the nonbanks that would be larger participants under today's final rule. The Bureau plans to coordinate closely with state authorities when supervising these entities.

Remittance Rule

The CFPB's Remittance Rule, which went into effect in October 2013, requires that many money transfer companies provide consumers with more information before making international money transfers that are covered by the Remittance Rule. The rule also gives consumers the right to cancel transfers and receive help in case of certain errors. These new protections apply to most money transfers from consumers in the United States to friends, family, or others outside the country.

Under the final rule issued today, the Bureau will be able to examine larger participant nonbank international money transfer providers to ensure they are offering protections that have been required by the Remittance Rule since last year, such as:

- ***Better Disclosures*****:** Under federal law, remittance transfer providers must generally disclose information about the exchange rate, fees, the amount of money that will be delivered abroad, and the date the money will be available. Consumers must receive these disclosures in English and any other language the provider uses to advertise, solicit, or market its services at a particular office, or in which the transaction was conducted.

- ***Option to Cancel*****:** Typically, consumers have at least 30 minutes after payment to cancel a remittance if it has not yet been received. If they cancel within the 30-minute window, they will get their money back regardless of the reason the consumer wants to cancel.

- ***Correction of Errors***: Remittance transfer providers are held accountable for certain types of errors. If a consumer reports a problem with a transfer within 180 days, the provider must generally investigate and correct certain errors. Companies that provide remittance transfers may also be responsible for mistakes made by their agents.

###

The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.