



Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552

April 10, 2020

Statement on Supervisory and Enforcement Practices Regarding the Remittance Rule in Light of the COVID-19 Pandemic

The Bureau of Consumer Financial Protection (Bureau) recognizes the serious impact that the COVID-19 pandemic is having on consumers and the operations of many entities. The Bureau further recognizes that, for insured institutions providing remittance transfers for their customers, the expiration of the statutory temporary exception to the Remittance Rule's requirement to disclose the exact costs of remittance transfers will deepen the potential impact on those customers. Moreover, insured institutions that are remittance transfer providers play a vital role in ensuring that consumers can send money abroad. This access is especially critical in responding to the dramatic effects on the finances of consumers, both in the United States and abroad, as a result of the coronavirus crisis. The Bureau is therefore issuing this statement to inform remittance transfer providers of its flexible enforcement and supervisory approach to allow providers to focus their time and attention on ensuring that consumers have such access. Specifically, the Bureau is announcing that, for remittances that occur on or after July 21, 2020, and before January 1, 2021, the Bureau does not intend to cite in an examination or initiate an enforcement action in connection with the disclosure of actual third-party fees and exchange rates against any insured institution that will be newly required to disclose actual third-party fees and exchange rates after the temporary exception expires.

Section 1073 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)¹ added section 919 to the Electronic Fund Transfer Act (EFTA)² to provide certain

¹ Public Law 111–203, 124 Stat. 1376, section 1073 (2010).

² 15 U.S.C. 1693 *et seq.*

protections for consumers sending remittance transfers. The Bureau implemented these provisions in Regulation E, 12 CFR 1005.30 *et seq.* (Remittance Rule). These protections include a requirement that a remittance transfer provider disclose certain information to consumers who send remittance transfers, including information related to the exact cost of a remittance transfer.

EFTA section 919, as implemented by 12 CFR 1005.32, provides insured institutions (as defined in 12 CFR 1005.32(a)(3)) with a temporary exception to the requirement to disclose exact costs, if certain conditions are met. That exception allows insured institutions to disclose estimates to consumers of the exchange rate and covered third-party fees instead of exact amounts. EFTA section 919 expressly limits the length of the temporary exception to July 21, 2020; as such, the exception will expire on July 21, 2020.

In light of undue burden that insured institutions may face in certain circumstances upon the expiration of a statutory exception, the Bureau proposed amendments to the Remittance Rule in December 2019 to, among other things, adopt two new permanent exceptions: one for insured institutions that meet certain conditions to provide estimated disclosures of third-party fees, and another for insured institutions that meet certain conditions to provide estimated disclosures of the exchange fee for transfers that meet certain conditions.³ The Bureau recognized that institutions seeking to provide remittance transfer services would have significant difficulty in ascertaining actual costs, particularly for transactions to countries with less developed banking systems – in many cases the countries for which customers most want to use their trusted insured depository institutions to send such transactions. The COVID-19 pandemic impact makes such customer needs even more important and exacerbates the already challenging dynamic in such countries. The Bureau continues to consider comments on that proposal, and expects to issue a final rule in May 2020, so that a final rule can take effect by July 21, 2020, when the temporary statutory exception expires.

The Bureau anticipates that under the final rule it expects to issue in May, some insured institutions who currently disclose estimates of third-party fees and exchange rates may have to commence disclosing actual third-party fees and exchange rate information. Because EFTA section 919 expressly states that the temporary exemption cannot be extended beyond July 21, 2020, the Bureau's final rule would require that, as of that date, the insured institutions discussed above must commence disclosing actual third-party fee and exchange rate information. The COVID-19 pandemic poses challenges for insured institutions in being

³ 84 FR 67132 (Dec. 6, 2019).

prepared to commence providing actual third-party fee and exchange rate information as of July 21, 2020. For example, these insured institutions are experiencing challenges and will continue to experience challenges in updating systems and procedures, training employees on those new systems and procedures, and entering into contractual agreements with financial institutions in other countries to allow the disclosure of exact amounts.

To mitigate the effects of these challenges, for remittance transfers that occur on or after July 21, 2020, and before January 1, 2021, the Bureau does not intend to cite in an examination or initiate an enforcement action against any insured institution in connection with the disclosure of actual third-party fees and exchange rates that will be newly required to disclose actual costs by the expiration of the temporary exception, and instead continues to provide estimated disclosures that would have been allowed under the temporary exception. Institutions that will be required to disclose actual costs due to the expiration of the temporary exception should endeavor to implement procedures that enable them to do so as their capacity permits. However, the Bureau does not intend to cite them or take any actions against them for continuing to rely on the temporary exception for remittance transfers that occur between July 21, 2020, and January 1, 2021.