

# Remittance transfers

Small entity compliance guide

# Version Log

The Bureau updates this Guide on a periodic basis to reflect finalized clarifications to the rule which impacts guide content, as well as administrative updates. Below is a version log noting the history of this document and its updates:

Date	Version	Changes
<b>June 2020</b>	5.0	<p>Updated to address revised requirements to the Remittance Transfer Rule, including:</p> <ul style="list-style-type: none"><li>▪ An increase to the normal course of business safe harbor threshold (Section 3.2.2).</li><li>▪ Expiration of the 12 CFR 1005.32(a) temporary exception (Section 4.2.1).</li><li>▪ Two new permanent exceptions that permit banks and credit unions to use estimates in disclosures of certain fees and exchange rates in certain circumstances (Sections 4.2.2 and 4.2.3).</li></ul> <p>Updated to note that this guide is a Compliance Aid under the Bureau's Policy Statement on Compliance Aids (Section 1.1).</p> <p>Updated to include the Bureau's current process for informal inquiries (Section 1.2).</p> <p>Updated to reflect miscellaneous formatting and administrative changes in various sections; revises internal cross references to refer to sections of this guide.</p>
<b>January 2017</b>	4.0	<p>Updated to address revised requirements regarding application of the Rule to prepaid accounts.</p>
<b>August 2014</b>	3.0	<p>Updated to address revised requirements, including:</p> <ul style="list-style-type: none"><li>▪ An extension to the 12 CFR 1005.32(a) temporary exception.</li><li>▪ The application of the Remittance Transfer Rule to remittance transfers sent from the U.S. to military bases located in other countries and remittance transfers sent from non-consumer accounts.</li><li>▪ The treatment of faxes and certain written or electronic communications from a sender to the remittance transfer provider.</li></ul>

- Disclosure of website addresses other than the Bureau's main website address that a remittance transfer provider may list on consumer receipts (including websites in foreign languages).
- Delays due to investigations required by fraud screening procedures, or BSA, OFAC, or similar laws.
- The amount appropriate to resolve an error for the failure to make funds available by the date of availability.

**August 2013**      2.0      Updated to address revised requirements concerning the disclosure of institution fees and foreign taxes and procedures that apply to errors that result from a consumer providing incorrect account information.

**October 2012**      1.0      Original Document

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# 1. Introduction

Consumers in the United States send billions of dollars abroad each year. In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) expanded the scope of the Electronic Fund Transfer Act's (EFTA) requirements for certain international fund transfers. These transactions are referred to as "remittance transfers" in EFTA. To implement these new requirements, the Consumer Financial Protection Bureau (Bureau) adopted remittance transfer regulations in Regulation E through a series of rulemakings in 2012 and 2013. These regulations became effective October 28, 2013. The Bureau has subsequently amended these regulations several times. Most recently, on May 11, 2020, the Bureau issued a final rule increasing the normal course of business safe harbor threshold and added two permanent exceptions that permit insured institutions to estimate certain disclosures in certain circumstances. These rulemakings and amendments are collectively referred to as the "Remittance Transfer Rule" in this guide.

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

## 1.1 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.

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 new regulations.

This guide is a Compliance Aid issued by the Consumer Financial Protection Bureau. The Bureau published a Policy Statement on Compliance Aids, available at <http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/policy-statement-compliance-aids/>, that explains the Bureau's approach to Compliance Aids. Users of this guide should review the Remittance Transfer Rule as well as this guide. The Remittance Transfer Rule is available on the Bureau's website at <https://www.consumerfinance.gov/policy-compliance/guidance/deposit-accounts-resources/remittance-transfer-rule/>. An unofficial compilation of the complete Rule, including the Official Interpretations, is also available at that

website at <https://www.consumerfinance.gov/policy-compliance/rulemaking/regulations/1005/>.

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 transfers or remittance transfer providers.

The content of this guide does not include any rules, bulletins, guidance, or other interpretations issued or released after the date on the guide's cover page.

## 1.2 Additional implementation resources

Additional resources to help institutions understand and comply with the Remittance Transfer Rule are available on the Bureau's website at <https://www.consumerfinance.gov/policy-compliance/guidance/deposit-accounts-resources/remittance-transfer-rule/>.

A person who has a specific regulatory interpretation question about the Remittance Transfer Rule after reviewing these materials may submit the question on the Bureau's website at <http://reginquiries.consumerfinance.gov/>. A person may also leave his or her question in a voicemail at 202-435-7700. Bureau staff provides only informal responses to regulatory inquiries, and the responses do not constitute official interpretations or legal advice.

Generally, Bureau staff is not able to respond to specific inquiries the same business day or within a particular requested timeframe. Actual response times will vary based on the number of questions Bureau staff is handling and the amount of research needed to respond to a specific question.

For email updates about when additional rules or implementation resources become available, please submit your email address within the "Email Updates" box at the Bureau's website at <https://www.consumerfinance.gov/policy-compliance/guidance/>.

## 1.3 Use of examples in this guide

This guide has examples to illustrate some portions of the Remittance Transfer Rule. The examples do not include all possible factual situations that could illustrate a particular provision, trigger a particular obligation, or satisfy a particular requirement.

# 2. Summary

The following is a summary of the Remittance Transfer Rule. The Rule is discussed in more detail later in this guide.

## 2.1 Coverage

The Remittance Transfer Rule applies to transactions that (i) qualify as remittance transfers, and (ii) are sent on behalf of consumers by entities 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 entities in foreign countries. These transfers include many types of international transfers, including cash-to-cash money transfers, international wire transfers, international automated clearing house (ACH) transactions, and certain prepaid card transfers. Additional information on remittance transfers is available in Section 3.

The Remittance Transfer Rule applies to most entities that offer remittance transfers, including:

- Banks;
- Thrifts;
- Credit unions;
- Money transmitters; and
- Broker-dealers.

Prior to July 21, 2020, entities that send 100 or fewer remittance transfers in the prior and current calendar years do not qualify as remittance transfer providers under the Remittance Transfer Rule and thus are not subject to it. Effective July 21, 2020, entities that send 500 or fewer remittance transfers in the prior and current calendar years do not qualify as remittance transfer providers under the Remittance Transfer Rule and thus are not subject to it. This aspect of the Remittance Transfer Rule is discussed in Section 3.2.2.

Additional information on which entities are remittance transfer providers subject to the Remittance Transfer Rule is available in Section 3.2.



## 2.2 Disclosure obligations

As discussed in more detail in Section 4, the Remittance Transfer Rule generally requires a remittance transfer provider to give two disclosures to its customers requesting remittance transfer services, who are referred to in the Rule and this guide as “senders.” Generally, amounts disclosed must be exact, although in limited cases, the Rule permits remittance transfer providers to estimate certain amounts under certain circumstances. Remittance transfer providers must provide the disclosures in English, and sometimes also in other languages, as discussed in Section 4.1.

The first disclosure – known as a pre-payment disclosure – is given to a sender before the sender 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 remittance transfer provider; taxes collected by the provider; and the amount of money expected to be delivered abroad, not including non-covered third-party fees or foreign taxes. Disclosure of foreign taxes and non-covered third-party fees is optional, although the provider must include a statement indicating that such fees and taxes may apply, as discussed in Section 4.1.1. The fact that the remittance transfer provider 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. More information on the pre-payment disclosure is discussed in Section 4.1.1.

A remittance transfer provider must also provide a receipt when payment is made. The receipt is required to include the information in the pre-payment disclosure. If the pre-payment disclosure is inaccurate, a corrected disclosure must be provided. The receipt must also indicate the date when the money will be available, in addition to other specific information, as discussed in Section 4.1.2.

Instead of issuing a separate pre-payment disclosure and receipt, a remittance transfer provider 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. This option for providing a single combined disclosure is discussed in Section 4.1.3.

As discussed in Section 8, there are special disclosure rules for transfers scheduled in advance of the transfer date. Insured depository institutions and credit unions are covered by the Remittance Transfer Rule, but the Rule has exceptions that may allow them to estimate certain disclosures in certain circumstances. These exceptions are discussed in Section 4.2.

## 2.3 Cancellation and error resolution rights

The Remittance Transfer 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.

Senders have 180 days to report errors in regard to a particular remittance transfer. If a sender reports an error, a remittance transfer provider must investigate it. If a remittance transfer provider determines that an error occurred, a sender 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 agents acting for the provider.

Senders do not have to wait at a branch or store front until the 30 minutes expires. They only need a way of contacting the remittance transfer provider to cancel the remittance transfer before the cancellation period expires.

Additional information on cancellation and error resolution rights is discussed in Section 5.

# 3. Remittance transfers and remittance transfer providers

Generally, consumers in the United States who send money electronically to consumers or business recipients in foreign countries are sending remittance transfers. Although a person 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 Remittance Transfer 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 amount of the transfer that may be a remittance transfer. As long as the transaction is more than \$15, the transfer might be a remittance transfer 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 this guide.

## 3.1 Remittance transfers

### 3.1.1 Remittance transfer

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. 12 CFR 1005.30(e). A transaction can be a remittance transfer regardless of whether:

- The sender has an account with the remittance transfer provider; and
- The transfer is an electronic fund transfer under the 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 ACH transfers, and certain prepaid card transactions. However, transfers in which a check is mailed abroad generally would not be remittance transfers since they are not electronic transfers.

☞ The term “remittance” sometimes refers to immigrants sending small amounts of money to their home countries. The Remittance Transfer 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.

### 3.1.2 Senders

For there to be a remittance transfer, there has to be a sender. A sender is a consumer located in a state (as defined in 12 CFR 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. 12 CFR 1005.30(g). A transfer requested by a business is not a remittance transfer because the business is not a sender (i.e., a consumer). Additionally, if a consumer requests a transfer from a non-consumer account (e.g., a business account or an account held by a financial institution under a bona fide trust agreement pursuant to 12 CFR 1005.2(b)(2)), then the consumer is not a sender under 12 CFR 1005.30(g), even if the consumer is requesting the transfer from an account that is used primarily for personal, family, or household purposes. Thus, for example, 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. Comment 1005.30(g)-1. 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. Transfers made from a prepaid account (as defined in 12 CFR 1005.2(b)(3)) that is a payroll card account or a government benefit account are transfers made from an account, but transfers from other prepaid accounts are not. Comment 1005.30(g)-1.

☞ To identify remittance transfers, one needs to identify which senders are located in the United States and which recipients are located in other countries. If it is not clear how to determine a sender's location, remittance transfer providers 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, whether the sender is located in a state is determined by the sender's physical presence. Comment 1005.30(g)-1. However, if the transfer is requested electronically or by phone and is not from an account, a remittance transfer provider can rely on other information provided by the sender, and any records associated with the sender that the remittance transfer provider 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 record to determine the sender's location. Transfers made from a prepaid account (other than a prepaid account that is a payroll card account or a government benefit account) are not transfers made from an account, and therefore, whether the sender is located in a state depends on the location of the sender. Comment 1005.30(g)-1.

### 3.1.3 Designated recipient

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. 12 CFR 1005.30(c). As opposed to a sender, the designated recipient can be a consumer or a business. Comment 1005.30(c)-1. 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 that he or she holds at a financial institution in France. 12 CFR 1005.30(c).

One 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. Comment 1005.30(c)-2.i. Funds are considered to be physically received at a location outside of a state if the remittance transfer provider, at the time of the transfer, has information indicating that the funds are to be received in a foreign country. Comment 1005.30(c)-2.iii.

*Transfers sent to accounts:* For transfers to an account, funds are considered to be physically received at a location outside of any state if the designated recipient's account is located outside of a state. Comment 1005.30(c)-2.ii. For example, the sender may transfer funds to a designated recipient's account in Brazil, even though the designated 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 a remittance transfer for purposes of the Remittance Transfer Rule, even if the recipient physically is located in France, because the designated recipient's account is located in a state. Transfers to a prepaid account that is a payroll card account or government benefit account are transfers to an account. Comment 1005.30(c)-2.ii.

*Transfers not sent to accounts:* If a transfer is not sent to an account and the provider has information that the designated recipient is located in a foreign country, then the funds are considered to be physically received at a location outside of any state. Comment 1005.30(c)-2.iii. Transfers to prepaid accounts (other than a prepaid account that is a payroll card account or government benefit account) are not transfers sent to accounts. Comment 1005.30(c)-2.ii.

### 3.1.4 Exceptions

Small-value transfers and purchase of securities: As noted above, transfers of \$15 or less are exempt from the Remittance Transfer Rule. In addition, certain transfers related to the purchase or sale of securities or commodities are not covered by the Rule. See 12 CFR 1005.30(e)(2) for more information.

The following chart gives some examples of transfers that are and are not remittance transfers under the Remittance Transfer Rule.

☞ The Remittance Transfer Rule treats U.S. military bases located in other countries as “states.” A transfer from the U.S. to an individual or an account located on a base in a foreign country is not a remittance transfer for purposes of the Remittance Transfer Rule, while a transfer from the base to a foreign country is a remittance transfer. See comments 1005.30(c)-2.ii and 30(g)-1.

**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	Yes	
Business sends cash at a money transmitter located in Colorado to a consumer recipient in France		No - business is not a "sender"
Consumer wires money from a bank account in California to a consumer bank account in Brazil	Yes	
Consumer sends an ACH from a bank account in California to make a mortgage payment in Brazil	Yes	
Consumer sends cash at a money transmitter in California to a consumer recipient in Colorado		No - 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.		No - 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	Yes	
Consumer has a U.S.-based bank account, and the consumer's bank mails an ATM card associated with that U.S. account to a recipient abroad		No

## 3.2 Remittance transfer providers

### 3.2.1 Definition of remittance transfer provider

A remittance transfer provider is any entity that provides remittance transfers for a consumer in the normal course of its business, regardless of whether the consumer holds an account with that entity. Money transmitters, depository institutions, credit unions, and broker-dealers can be remittance transfer providers. 12 CFR 1005.30(f)(1).

☞ Remittance transfers may be sent by various divisions or departments within an entity. An entity may need to identify and contact each division or department to determine how many remittance transfers are provided per year.

### 3.2.2 Normal course of business

Whether an entity provides remittance transfers in the normal course of business depends on the facts and circumstances, such as the total number and frequency of transfers that it provides. See comment 1005.30(f)-2.i. To make this determination easier, the Remittance Transfer Rule provides a safe harbor. See 12 CFR 1005.30(f)(2). This safe harbor is sometimes called the normal course of business safe harbor. The threshold for the normal course of business safe harbor changes effective July 21, 2020.

Prior to July 21, 2020, the Remittance Transfer Rule set the normal course of business safe harbor threshold at 100 remittance transfers annually. This means that prior to July 21, 2020, if an entity provided 100 or fewer remittance transfers in the previous calendar year and provided 100 or fewer remittance transfers in the current calendar year, that entity was not considered by the Rule to be providing remittance transfers in the normal course of its business (i.e., the entity was not a remittance transfer provider under the Rule). For example, if an entity provided 95 remittance transfers in 2017, provided 95 remittance transfers in 2018 and provided 200 remittance transfers in 2019, the safe harbor applied to the entity's remittance transfers in 2018, as well as the entity's first 100 transfers in 2019.

Effective July 21, 2020, the normal course of business safe harbor threshold increases to 500 remittance transfers annually. This means that effective July 21, 2020, if an entity provided 500 or fewer remittance transfers in the previous calendar year, and provides 500 or fewer remittance transfers in the current calendar year, then that entity will not be considered to be providing remittance transfers in the normal course of its business (i.e., the entity is not a remittance transfer provider under the Remittance Transfer Rule). For example, if an entity provided 400 remittance transfers in 2019, provided 400 remittances transfers in 2020, and

provides 600 remittance transfers in 2021, effective July 21, 2020, the safe harbor applies to the entity’s remittance transfers in 2020 and the entity’s first 500 remittance transfers in 2021.

Effective July 21, 2020, an entity that did not qualify for the normal course of safe harbor when the threshold was set at 100 transfers annually can also subsequently qualify for the normal course of business safe harbor, as amended. If an entity that was providing more than 100 remittance transfers before July 21, 2020 determines that, as of a particular date, it will qualify for the safe harbor in 2020, that entity can stop complying with the Remittance Transfer Rule with respect to any remittance transfers for which payment is made after the date that the entity determines it qualifies for the safe harbor. See 12 CFR 1005.30(f)(2)(iii). For example, if an entity provided 400 remittance transfers in 2019 and determines that it will provide 500 or fewer remittance transfers in 2020, as of July 21, 2020, the safe harbor applies to the entity for the remainder of 2020. Additionally, the safe harbor applies to the entity’s first 500 remittance transfers in 2021.

The requirements in Electronic Fund Transfer Act and the Remittance Transfer Rule, however, continue to apply to any remittance transfers for which payment is made prior to the date that the entity qualifies for the safe harbor. See comment 1005.30(f)-2.v. Additionally, qualifying for the safe harbor does not excuse compliance with other applicable laws or regulations. For example, if a remittance transfer is also an electronic fund transfer, any Regulation E requirements that apply to electronic fund transfers continue to apply to that transfer.

An entity that exceeds the applicable threshold (i.e., either 100 or 500 remittance transfers) for the safe harbor in a given year, could still be exempt from the Rule under a facts and circumstances test. See comments 1005.30(f)-2.i and -2.iii. If an entity was eligible for the safe harbor but then exceeds it in a given year, that entity has a reasonable period, up to six months, to come into compliance with the Rule. See 12 CFR 1005.30(f)(2)(ii) and comments 1005.30(f)-2.iii and -2.iv.A and C.

**TABLE 2:** DOES THE ENTITY QUALIFY FOR THE NORMAL COURSE OF BUSINESS SAFE HARBOR IN THE REMITTANCE TRANSFER RULE?

Example	Yes	No
Bank sent 300 international consumer wires in 2020 and 300 international consumer ACH payments in 2020		No - 600 total remittance transfers in 2020*
Credit union sent 300 remittance transfers in 2020 and sent 300 remittance transfers in 2021	Yes- For 2021 and at least the first 500 transfers in 2022	



Example	Yes	No
Money transmitter sent 300 remittance transfers in 2020, sends 501st remittance transfer in 2021 on November 1st		No - Depending on the facts and circumstances, the transmitter may be subject to the Rule on November 1, 2021 but has a reasonable period of up to six months to comply
Credit union sent 300 remittance transfers in 2020 and sends its 501st remittance transfer in 2021 on August 1st		No - Depending on the facts and circumstances, the credit union may be subject to the Rule on August 1, 2021, but has a reasonable period of up to six months to comply
Bank sent 300 international consumer wire transfers and 300 domestic consumer wire transfers in 2020 and 2021	Yes- For 2021 and at least the first 500 remittance transfers in 2022 - Domestic transfers are not covered by the Rule*	

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

# 4. Disclosures

## 4.1 Disclosure requirements

The Remittance Transfer Rule requires remittance transfer providers to give senders disclosures at certain stages of the remittance transfer process. See 12 CFR 1005.31. The Rule requires a remittance transfer provider to give a pre-payment disclosure to a sender before the sender pays for a remittance transfer. 12 CFR 1005.31(b)(1) and (e)(1). A remittance transfer provider must also provide a receipt to a sender when payment is made. 12 CFR 1005.31(b)(2) and (e)(2). Model disclosure forms are provided in Appendix A to Regulation E, and are also available to download on the Bureau’s website at <https://www.consumerfinance.gov/policy-compliance/guidance/deposit-accounts-resources/remittance-transfer-rule/>. Section 4.1 describes the disclosures along with form and formatting requirements.

☞ In many cases, the Remittance Transfer Rule requires remittance transfer providers to print disclosures for the consumer before the consumer pays for the remittance transfer. Thus, remittance transfer providers should ensure that staff are trained to print and provide disclosures in compliance with the Rule’s timing requirements.

Amounts disclosed generally must be exact, although in some cases, remittance transfer providers can estimate amounts. See Section 4.2 for a discussion of when estimates are permitted. Remittance transfer providers 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 is conducted. Section 4.1.5 describes the language requirements for disclosures.

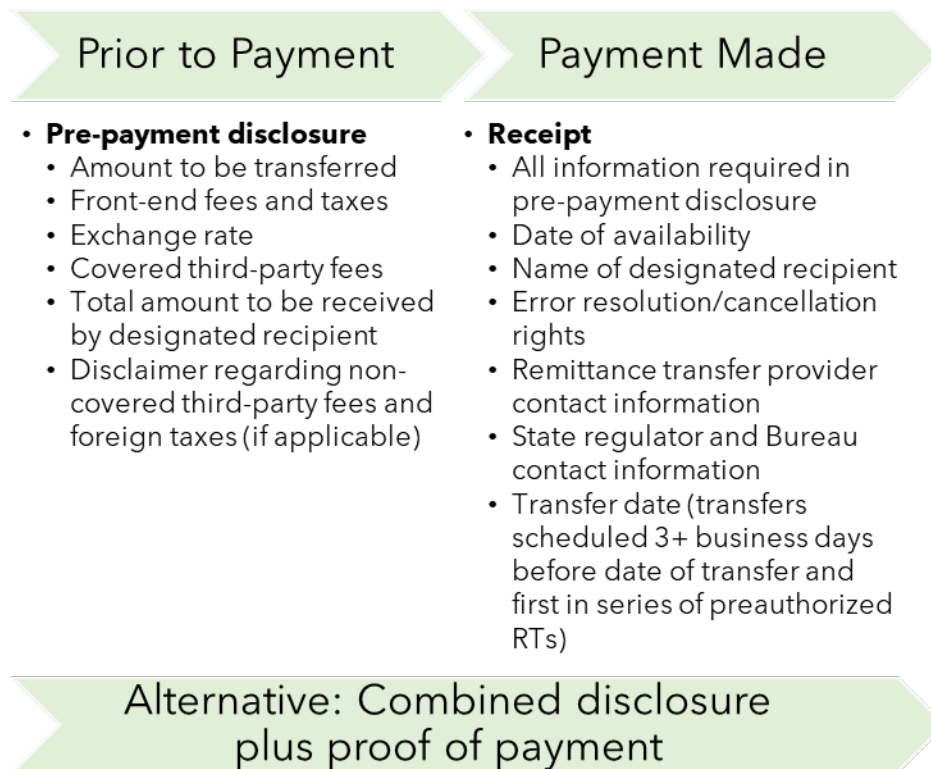
Some information required in the disclosure may not be applicable to a particular remittance transfer. In these cases, remittance transfer providers are not required to provide it. For example, if an exchange rate is not applied to the transaction (e.g., if the remittance transfer is sent and received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

☞ Remittance transfer providers should think about whether the Remittance Transfer Rule allows for estimates of the disclosed amounts, and whether the disclosures need to be provided in other languages.

Alternative disclosure procedures apply to remittance transfers scheduled before the date of transfer, including recurring remittance transfers. The Remittance Transfer Rule describes these procedures in 12 CFR 1005.36.

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

**FIGURE 1:** DISCLOSURE INFORMATION



### 4.1.1 Pre-payment disclosure

A remittance transfer 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 remittance transfer. 12 CFR 1005.31(b)(1) and (e)(1). The pre-payment disclosure informs the sender of the cost of the transaction before he or she decides to complete a remittance 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 rates or fees have changed, the remittance transfer provider needs to provide the sender with a new, accurate pre-payment disclosure before payment is made.

☞ For remittance transfer providers that want to rely upon the exception for senders' mistakes regarding account numbers and recipient institution identifiers (discussed in Section 5.2.3), they should consider where it is appropriate to provide clear and conspicuous notice that the sender could lose the transfer amount if either of the two provided numbers are wrong. See 12 CFR 1005.33(h).

The information to be disclosed is summarized in Figure 1 above, and is described in more detail in Figure 2 below. Figure 2 shows a model pre-payment disclosure (as set out in in [Appendix A-30\(a\)](#) to Regulation E), followed by an explanation of the numbered components.

**FIGURE 2:** [A-30\(A\)](#) – MODEL FORM FOR PREPAYMENT DISCLOSURES FOR REMITTANCE TRANSFERS EXCHANGED INTO LOCAL CURRENCY

**ABC Company**  
1000 XYZ Avenue  
Anytown, Anystate 12345

Today's Date:                      March 3, 2014

**NOT A RECEIPT**

Transfer Amount:	\$100.00		①
Transfer Fees:	+\$7.00		②
Transfer Taxes:	+\$3.00		②
Total:	\$110.00		③

Exchange Rate:	US\$1.00 = 12.27 MXN		④
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Transfer Amount:	1,227.00 MXN		⑤
Other Fees:	-30.00 MXN		⑥
Total to Recipient:	1,197.00 MXN		⑦

Recipient may receive less due to  
fees charged by the recipient's bank  
and foreign taxes. \_\_\_\_\_ ⑧

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

The *transfer amount* shows the amount to be transferred to the designated recipient. 12 CFR 1005.31(b)(1)(i). 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 designated recipient who will receive the funds in pesos, the transfer amount should be stated in dollars. See comment 1005.31(b)(1)-2.

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

*Transfer fees and taxes* include any up-front fees or taxes the remittance transfer provider imposes or passes 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 remittance transfer. See 12 CFR 1005.31(b)(1)(ii). These up-front fees and taxes must be disclosed as two separate line items, as applicable. Comment 1005.31(b)(1)-1.1. This disclosure shows the sender how much the remittance transfer provider is charging for the transfer, and makes this charge transparent by separating it from any taxes the remittance transfer provider must collect. Table 3 provides some examples of fees that are and are not transfer fees.

### 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 remittance transfer provider, disclosed in the currency in which the sender pays for the remittance transfer. See 12 CFR 1005.31(b)(1)(iii). 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. See 12 CFR 1005.31(b)(1)(iv). If an exchange rate applies to a remittance transfer, it must be disclosed. A remittance transfer provider may not disclose, for example, that an exchange rate is floating, unknown, or to be determined. Comment 1005.31(b)(1)(iv)-1. Even if a remittance transfer provider does not set the exchange rate, it has to be disclosed. For example, if a remittance transfer provider works with a correspondent bank that does the currency conversion, the remittance transfer provider still must disclose the exchange rate that applies to the remittance transfer. See comment 1005.31(b)(1)(iv)-3. However, the remittance transfer provider may be able to estimate the exchange rate under an exception to the Remittance Transfer Rule (see “Exceptions,” below in Section 4.2).

☞ If the sender has requested that the funds be received in another currency or has represented that the funds will be received in another currency, the exchange rate that will be applied to the transaction needs to be disclosed, even if the remittance transfer provider does not perform the currency conversion. Remittance transfer providers may be able to estimate the rate if an exception to the Rule applies.

The disclosed exchange rate must be rounded from 2 to up to 4 decimal places, consistently for each currency. 12 CFR 1005.31(b)(1)(iv); comment 1005.31(b)(1)(iv)-2. A remittance transfer provider should only round the exchange rate on the disclosure to the sender. Any calculations the remittance transfer provider or its software system makes must use the actual exchange rate.

A remittance transfer provider 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 the funds will be received, a remittance transfer provider may assume that the funds are

to be received in the same currency in which the remittance transfer is funded. See comment 1005.31(b)(1)(iv)-1.

## 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 transfer if other fees, defined in the Remittance Transfer Rule as “covered third-party fees,” will be imposed. 12 CFR 1005.31(b)(1)(v). This is calculated by applying the disclosed exchange rate to the *transfer amount (in the sender’s currency)*, shown above. The purpose of this is to show what the designated recipient would receive before any covered third-party fees are applied.

## 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 sender. “Other fees” are referred to as “covered third-party fees” in the Remittance Transfer Rule. See 12 CFR 1005.30(h)(1); 12 CFR 1005.31(b)(1)(vi). These fees are limited to those charged by an agent of the remittance transfer provider, such as a pick-up fee, or those charged by an intermediary involved in processing the remittance transfer, such as a lifting fee. A remittance transfer provider 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 in Section 4.2 below). Table 3 provides some examples of fees that are and are not “Other fees.”

- It may require research to determine and disclose fees charged by other parties. A remittance transfer provider may want to consider the following:
1. Using 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 can current fee information be updated and maintained?
  4. How can fee information be fed into disclosure forms?

## 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. 12 CFR 1005.31(b)(1)(vii). The exchange rate used to calculate this amount must be the disclosed exchange rate, prior to any rounding. See comment 1005.31(b)(1)(vii)-1. This disclosure helps

the sender determine the total cost of the transaction. Note that this amount may not include non-covered third-party fees or taxes collected by a person other than the provider.

## 8 Disclaimers

*Disclaimers* may be required by the Remittance Transfer Rule depending on whether foreign taxes or non-covered third-party fees (i.e., certain recipient institution fees such as fees the recipient’s institution charges the recipient for receiving a transfer into an account) may apply to the remittance transfer. 12 CFR 1005.31(b)(1)(viii); 12 CFR 1005.30(h)(2). For example, if the remittance transfer provider does not know that the recipient country, province, or locality where the remittance transfer is received does not levy a tax on remittance transfers, the remittance transfer provider must include a disclaimer that additional foreign taxes may apply. Similarly, if the remittance transfer is to be received in the account of the designated recipient, the recipient institution is not the remittance transfer 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 disclaimers, a remittance transfer 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. See comments 1005.31(b)(1)(viii)-1 and -2.

**TABLE 3:** EXAMPLES OF FEES INVOLVED IN A REMITTANCE TRANSFER

Example	Fee Category
Bank charges a consumer \$10 for sending an international wire.	Fee imposed by the remittance transfer provider. (Provider discloses \$10 fee as “Transfer Fees.”)
Credit union uses a corporate credit union (CCU) to process international wires. CCU charges the credit union \$10 per wire. The credit union passes through the \$10 to the sender. Additionally, the credit union’s own fee that is charged to the sender is \$25.	Both fees are fees imposed by the remittance transfer provider. (Provider discloses \$35 fee as “Transfer Fees.”)
Money Transmitter uses a network of agents to send and receive remittance transfers. Agent charges senders a \$5 fee for each transfer.	Fee imposed by the remittance transfer provider. (Provider discloses \$5 fee as “Transfer Fees.”)

Example	Fee Category
<p>Bank sends international wires through a correspondent bank. The correspondent bank imposes \$5 on each wire. Senders do not pay the fee. However, \$5 is deducted from the amount to be received by the recipient.</p>	<p>Covered third-party fee. (Provider discloses \$5 fee as “Other Fees.”)</p>
<p>Correspondent Bank sends an international wire to the correspondent bank of the designated recipient’s institution (Intermediary Bank). Intermediary Bank deducts \$1 from each wire it processes.</p>	<p>Covered third-party fee. (Provider discloses \$1 fee as “Other Fees.”)</p>
<p>Money Transmitter uses a network of agents to send and receive remittance transfers. Agent charges the recipient a \$5 fee when the recipient picks up the transfer.</p>	<p>Covered third-party fee. (Provider discloses \$5 fee as “Other Fees.”)</p>
<p>Foreign Bank (not agent of remittance transfer provider) receives a remittance transfer of \$100 into an account. It deducts \$1 for processing the transfer. It also charges the recipient a \$25 incoming wire transfer fee.</p>	<p>Non-covered third-party fees. (Provider; may disclose \$ 26 fee in disclaimer.)</p>
<p>Bank sends its international wires through a correspondent bank. The correspondent bank imposes \$5 on each wire. Bank pays the \$5 fee, and accordingly, the \$5 fee is not deducted from the wire amount. Bank does not pass \$5 fee onto the sender.</p>	<p>Not a third-party fee because the \$5 fee does not affect the total amount the designated recipient will receive. (No disclosure required.)</p>

## 4.1.2 Receipt

Remittance transfer providers must also give senders a receipt when the sender pays for the remittance transfer. 12 CFR 1005.31(b)(2) and (e)(2). The information to be disclosed, as applicable, is summarized in Figure 1 above, and described in more detail in Figure 3 below. Figure 3 shows a model receipt (as set out in [Appendix A-31](#) to Regulation E), followed by an explanation of the numbered components.



**FIGURE 3:** [A-31](#) – MODEL FORM FOR RECEIPTS FOR REMITTANCE TRANSFERS EXCHANGED INTO LOCAL CURRENCY (§ 1005.31(B)(2))

**ABC Company** ————— **5**  
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: ————— **3**  
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 ————— **2**

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

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. ————— **4**

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 ————— **6**  
800-111-2222  
[www.stateregulatoryagency.gov](http://www.stateregulatoryagency.gov)

Consumer Financial Protection Bureau ————— **6**  
855-411-2372  
855-729-2372 (TTY/TDD)  
[consumerfinance.gov/sending-money](http://consumerfinance.gov/sending-money)

## 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 designated recipient. See 12 CFR 1005.31(b)(2)(ii). In some instances, it may be difficult to determine the exact date on which a remittance transfer will be available to a designated recipient. A remittance transfer provider may choose to disclose the latest date on which the funds would be available, and can state that funds “may be available sooner.” See comment 1005.31(b)(2)-1.

☞ For certain types of remittance transfers, it may be difficult to know the exact date of availability. Remittance transfer providers may want to consider what business partners may help in understanding the process times for remittance transfers to different countries.

## 3 Recipient’s contact information

The *recipient’s contact information* includes the designated recipient’s name and, if available, the designated recipient’s phone number and address. 12 CFR 1005.31(b)(2)(iii).

## 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. 12 CFR 1005.31(b)(2)(iv). 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, a remittance transfer provider must promptly give the sender a more complete statement, called a “long-form statement.” 12 CFR 1005.31(b)(4). 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 the remittance transfer provider’s name, phone number, and website. 12 CFR 1005.31(b)(2)(v).

## 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. See 12 CFR 1005.31(b)(2)(vi). Remittance transfer providers must provide the Bureau’s name, the Bureau’s general website (or, as shown on the model receipt in Figure 3 above, a Bureau webpage that provides information about remittance

transfers), and phone number so that the consumer is able to submit a complaint to the Bureau. See comment 1005.31(b)(2)-4. If a remittance transfer provider is licensed or chartered by a state regulator, the disclosure also must provide that regulator’s name, phone number, and website. If a remittance transfer provider is licensed or chartered in multiple states, the disclosure needs to provide information for only one state. See comment 1005.31(b)(2)-3.

☐ The Bureau’s “sending-money to another country” website collects all relevant Bureau resources for consumers on one page, making it easier for consumers. The page is also available in several foreign languages for non-English speaking senders. See <https://www.consumerfinance.gov/consumer-tools/sending-money/>.

### 4.1.3 Combined disclosure

Instead of providing a separate pre-payment disclosure and receipt, a remittance transfer provider may give senders a single combined disclosure. 12 CFR 1005.31(b)(3).

*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. 12 CFR 1005.31(e)(1).

*Contents:* The contents are the same as in the contents of the receipt, except for the additional proof of payment requirement. 12 CFR 1005.31(b)(3)(i).

☐ Remittance transfer providers may want to consider whether to provide a pre-payment disclosure and a receipt, or a combined disclosure with proof of payment. The right choice depends on a remittance transfer provider’s systems and consumer expectations.

*Proof of payment:* If a remittance transfer provider provides a combined disclosure, it must also give the sender proof of payment when payment is made. 12 CFR 1005.31(b)(3)(i). This proof of payment must be clear and conspicuous, retainable, and provided in writing or electronically. Comment 1005.31(b)(3)-1. The Remittance Transfer Rule does not specify any other particular format for the proof of payment. For example, a remittance transfer provider 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.

## 4.1.4 Disclosure form and format

The Remittance Transfer Rule sets out requirements for the form and format of disclosures. See 12 CFR 1005.31. 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.

### Form

Disclosures must be clear and conspicuous. 12 CFR 1005.31(a)(1). Disclosures also generally must be made in writing and in retainable form. 12 CFR 1005.31(a)(2). For purposes of the disclosures required by 12 CFR 1005.31 and 12 CFR 1005.36 (e.g., pre-payment and receipt disclosures), the Remittance Transfer Rule allows a remittance transfer provider to satisfy the requirement to provide disclosures in writing by providing those disclosures via fax, although it is not permissible to fax disclosures to a sender when that sender is present in the branch or office. Comment 1005.31(a)(2)-5. 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. Comment 1005.31(a)(2)-2.

The Remittance Transfer 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 12 CFR 1005.31(a) for more details.

### Format

The Remittance Transfer Rule contains format requirements for information required in the disclosures. 12 CFR 1005.31(c). 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. A remittance transfer provider can rely on the model form to satisfy these formatting requirements. More information on format requirements can be found in 12 CFR 1005.31(c).

## 4.1.5 Language

Disclosures must always be made in English. 12 CFR 1005.31(g). For most transactions, a remittance transfer provider also must provide a 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 remittance transfer or asserts an error. 12 CFR 1005.31(g)(1)(i). Alternatively, a remittance transfer provider can choose also to provide disclosures in the

language primarily used by the sender to conduct the remittance transfer or to assert an error, provided that such foreign language is principally used by the remittance transfer provider to advertise, solicit, or market remittance transfer services at the office in which the sender conducts a transaction or asserts an error. 12 CFR 1005.31(g)(1)(ii). For example, a remittance transfer provider might principally use English, Spanish, and Vietnamese, but a particular sender conducts a transaction entirely in Spanish. The remittance transfer provider may provide the sender with disclosures in all three languages, or the provider may provide disclosures to the sender in English and Spanish. Under the alternative approach, the remittance transfer provider can provide disclosures to the particular sender in English and Spanish only.

If a remittance transfer provider provides disclosures in a language other than English and is required to provide a receipt for a remittance transfer, the provider can choose to disclose the Bureau's website in the relevant language, if one exists (for example, <https://www.consumerfinance.gov/consumer-tools/sending-money/es/>) instead of the Bureau's general website. See comment 1005.31(1)(b)-4.

Circumstances may arise where a remittance transfer provider may give disclosures solely in English. For example, if the sender uses a language to conduct the transaction that is not one principally used by the remittance transfer provider to advertise, solicit, or market at that office, then the provider 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 even though, for example, Spanish and English are principally used by the remittance transfer provider to market remittance transfers.

Different language requirements apply for transactions conducted by phone, mobile application, or text message. See 12 CFR 1005.31(g)(2).

## 4.2 Estimates allowed in limited circumstances

Disclosed amounts generally must be exact. However, there are several exceptions that allow certain remittance transfer providers to estimate certain disclosures. These exceptions are discussed below.

Each exception is limited, so remittance transfer providers should make sure the remittance transfer at issue qualifies before relying on an exception. Additionally, an exception may allow a remittance transfer provider to estimate some disclosures but not others. If estimates are

permitted, a remittance transfer provider generally must use the methods described in the Remittance Transfer Rule for determining estimated amounts. For more information on determining estimated amounts under the Rule, see 12 CFR 1005.32.

#### 4.2.1 Temporary exception for insured depository institutions and insured credit unions expires on July 21, 2020

To rely upon this exception, a remittance transfer provider must meet all of the following criteria as set out in 12 CFR 1005.32(a):

1. *Insured depository institution or credit union.* The remittance transfer provider must be an insured depository institution as defined in Section 3 of the Federal Deposit Insurance Act (including an uninsured U.S. branch or agency of a foreign depository institution) or an insured credit union as defined in Section 101 of the Federal Credit Union Act.
2. *Account-based transfers.* The remittance transfer must be sent from the sender's account with the remittance transfer provider. However, the temporary exception does not apply to remittance transfers sent from prepaid accounts, unless the prepaid account is a payroll card account or a government benefit account.
3. *Unable to determine exact amounts.* The remittance transfer provider must be unable to determine exact amounts for reasons outside of the provider's control. For example, a remittance transfer provider may not be able to determine the exchange rate if the rate is set by the designated recipient's institution, and the remittance transfer provider has no correspondent relationship with that institution. Comment 1005.32(a)(1)-2) provides guidance on other qualifying situations.
4. *Time Period.* This is a temporary exception that will expire on July 21, 2020. This means that effective July 21, 2020, remittance transfer providers must disclose exact amounts unless the transfer qualifies under the permanent exceptions described below.

If the temporary exception applies to a remittance transfer, the remittance transfer provider is permitted to estimate, as applicable, the applicable exchange rate (12 CFR 1005.31(b)(1)(iv)), transfer amount in the currency in which the funds will be received before any covered third-party fees are taken out (12 CFR 1005.31(b)(1)(v)), covered third-party fees (12 CFR 1005.31(b)(1)(vi)), and the total to recipient in currency in which funds will be received (12 CFR 1005.31(b)(1)(vii)). The transfer amount in the sender's currency (12 CFR 1005.31(b)(1)(i)),

front-end fees and taxes (12 CFR 1005.31(b)(1)(ii)), and the total amount of the transaction (12 CFR 1005.31(b)(1)(iii)) must always be the exact amounts.

## 4.2.2 Permanent exception for insured depository institutions and insured credit unions to estimate the exchange rate and other disclosures that depend on the exchange rate in certain circumstances

Effective July 21, 2020, insured institutions may estimate the exchange rate and other disclosures that depend on the exchange rate if certain conditions are met. See 12 CFR 1005.32(b)(4). This exception applies to a remittance transfer to a particular country if the designated recipient will receive funds in that particular country's local currency and all the following conditions are met:

1. *Insured depository institution or credit union.* The remittance transfer provider must be an insured depository institution as defined in Section 3 of the Federal Deposit Insurance Act (including an uninsured U.S. branch or agency of a foreign depository institution) or an insured credit union as defined in Section 101 of the Federal Credit Union Act.
2. *The insured institution cannot determine the exact exchange rate for the remittance transfer at the time it must provide the required disclosures.* An insured institution cannot determine the exact exchange rate if the exchange rate for the remittance transfer is set by an entity other than: (a) the insured institution; (b) an institution that has a correspondent relationship with the insured institution; (c) an insured institution's service provider; or (d) an insured institution's agent. See comment 1005.32(b)(4)-1.
3. *In the prior calendar year, the insured institution did not exceed the exception's threshold with regard to the particular country to which it is sending the remittance transfer.* The threshold is 1,000 or fewer remittance transfers to a particular country for which the designated recipients of those transfers received funds in the particular country's local currency. For purposes of the 1000-transfer threshold, an insured institution counts each remittance transfer made in the prior calendar year to the particular country for which the designated recipient received funds in that country's local currency. The remittance transfer is counted regardless of whether the exchange rate was estimated for the transfer. For example, consider an insured institution that provided 700 remittance transfers to a country in the prior calendar year, when the designated recipients of those transfers received funds in the country's local currency when the exchange rate was estimated for those transfers. In the same prior calendar

year, the institution also sends 400 remittance transfers to the same country when the designated recipients of those transfers received funds in the country's local currency and the exchange rate for those transfers was not estimated. That institution exceeds the 1,000-transfer threshold in the prior calendar year because all 1,110 remittance transfers, irrespective of estimation of exchange rate are counted toward the threshold. See comment 1005.32(b)(4)-2.i.

However, the insured institution does not count a remittance transfer sent to the particular country if the designated recipient of the transfer did not receive funds in the particular country's local currency. See comment 1005.32(b)(4)-2.ii. For example, the insured institution does not count a remittance transfer sent to Mexico if the funds were received in U.S. dollars. The threshold is determined separately for each foreign country. Insured institutions that exceed the threshold set forth in this exception in any given year have a reasonable amount of time to come into compliance with the requirement to provide exact disclosures (not to exceed the later of six months after the applicable threshold is crossed or January 1 of the next year). For example, if a remittance transfer provider exceeds the 1,000-transfer threshold on March 1, 2021, the insured institution must comply with the requirement to provide the exact exchange rate (assuming another permanent exception does not apply) by January 1, 2022. See comment 1005.32(b)(4)-3 for an additional example of how this transition period applies.

4. *The remittance transfer is sent from the sender's account with the insured institution.* A sender's account includes a payroll card account or a government benefit account but does not include any other prepaid account.
5. *Time period.* The remittance transfer is provided on or after July 21, 2020.

If this permanent exception applies to a remittance transfer, the insured institution can estimate the required exchange rate disclosures. Additionally, if an insured institution is permitted to provide an estimated exchange rate for a remittance transfer under this permanent exception, per 12 CFR 1005.32(b)(4)(ii), the insured institution can provide estimates for the following disclosures if the estimated exchange rate affects the amount of the disclosure:

The amount that will be transferred to the designated recipient disclosed in the currency that the designated recipient will receive, inclusive of covered third-party fees (i.e., "Transfer Amount" as described in 12 CFR 1005.31(b)(1)(v));

The amount of any covered third-party fees disclosed in the currency that the designated recipient will receive (i.e., "Other Fees" as described in 12 CFR 1005.31(b)(1)(vi)); and



The amount the designated recipient will receive disclosed in the currency that the designated recipient will receive, after deducting covered third-party fees (i.e., “Total to Recipient” as described in 12 CFR 1005.31(b)(1)(vii)).

### 4.2.3 Permanent exception for insured depository institutions and insured credit unions to estimate covered third-party fees and other disclosures that depend on covered third-party fees

Effective July 21, 2020, insured institutions may estimate covered third-party fees and other disclosures that depend on covered third-party fees if certain conditions are met. 12 CFR 1003.32(b)(5). This exception applies to a remittance transfer to a particular designated recipient’s institution if all the following conditions are met:

1. *Insured depository institution or credit union.* The remittance transfer provider must be an insured depository institution as defined in Section 3 of the Federal Deposit Insurance Act (including an uninsured U.S. branch or agency of a foreign depository institution) or an insured credit union as defined in Section 101 of the Federal Credit Union Act.
2. *The insured institution cannot determine the exact covered third-party fees required to be disclosed for the remittance transfer at the time it must provide applicable disclosures.* An insured institution cannot determine the exact covered third-party fees when all of the following conditions are met: (a) the insured institution does not have a correspondent relationship with the designated recipient’s institution; (b) the designated recipient’s institution does not act as the insured institution’s agent; (c) the insured institution does not have an agreement with the designated recipient’s institution with respect to the imposition of covered third-party fees on the remittance transfer; and (d) the insured institution does not know at the time the disclosures are given that the only intermediary financial institutions that will impose covered third-party fees on the transfer are those institutions that have a correspondent relationship with or act as an agent for the insured institution, or have otherwise agreed upon the covered third-party fees with the insured institution. See comment 1005.32(b)(5)-1.
3. *Either (a) the insured institution made 500 or fewer remittance transfers to the designated recipient’s institution in the prior calendar year or (b) a United States federal statute or regulation prohibits the insured institution from being able to determine the exact covered third-party fees required to be disclosed for that remittance transfer.* Regarding the 500-transfer threshold, the insured institution

counts remittance transfers to that designated recipient's institution regardless of whether covered third-party fees were estimated for those transfers. It also counts remittance transfers provided to the designated recipient's institution regardless of whether the designated recipients received the funds in the country's local currency or in another currency. The insured institution is only required to count remittance transfers sent to the designated recipient's institution and any of its branches in the country to which the particular transfer is sent. It is not required to count remittance transfers sent to branches of the designated recipient's institution in another country. See comment 1005.32(b)(5)-3.

To illustrate, if the particular remittance transfer described in 12 CFR 1005.32(b)(5) is being sent to the designated recipient's institution Bank XYZ in Nigeria, the number of remittance transfers for purposes of the 500-transfer threshold would include remittance transfers in the previous calendar year that were sent to Bank XYZ, or to its branches, in Nigeria. The 500-transfer threshold would not include remittance transfers that were sent to branches of Bank XYZ located in any country other than Nigeria. See comment 1005.32(b)(5)-3.iii.

Insured institutions that did not exceed the 500-transfer threshold in the prior calendar year but exceed the threshold in the current calendar year have a reasonable amount of time after exceeding the 500-transfer threshold to begin providing exact covered third-party fees and other covered third-party fee dependent disclosures (assuming a United States federal statute or regulation does not prohibit the insured institution from being able to determine the exact covered third-party fees or another exception does not apply). The reasonable amount of time must not exceed the later of six months after exceeding the 500-transfer threshold in the current calendar year or January 1 of the next calendar year. See comment 1005.32(b)(5)-5 for an example of how this transition period applies.

Even if an insured institution exceeded the 500-transfer threshold in the prior calendar year, the insured institution satisfies this condition of the exception for a remittance transfer if a United States federal statute or regulation prohibits the insured institution from being able to determine the exact

□ The Bureau has no evidence that any United States federal statute or regulation prohibits an insured institution from being able to determine exact covered third-party fees for any remittance transfer.

covered third-party fees for that remittance transfer. Comment 1005.32(b)(5)-4. A United States federal statute or regulation prohibits the insured institution from being able to determine the exact covered third-party fees for the remittance transfer if the federal statute or regulation: (a) prohibits the insured institution from disclosing exact

covered third-party fees in disclosures for transfers to a designated recipient's institution; or (b) makes it infeasible for the insured institution to form a relationship with the designated recipient's institution and that relationship is necessary for the insured institution to be able to determine, at the time it must provide the applicable disclosures, exact covered third-party fees. See comment 1005.32(b)(5)-4.

4. *The remittance transfer is sent from the sender's account with the insured institution.* A sender's account includes a payroll card account or a government benefit account but does not include any other prepaid account.
5. *Time period.* The remittance transfer is provided on or after July 21, 2020.

If this permanent exception applies, an insured institution may provide estimates for covered third-party fees required to be disclosed pursuant to 12 CFR 1005.31(b)(1)(vi). The insured institution may also estimate the "Total to Recipient" required to be disclosed pursuant to 12 CFR 1005.31(b)(1)(vii) if the insured institution is permitted to estimate the covered third-party fees under the new exception and the estimated covered third-party fees affect the amount disclosed as the "Total to Recipient."

#### 4.2.4 Permanent exception for transfers to certain countries

The Remittance Transfer Rule's "permanent exception for transfers to certain countries" may be used by a remittance transfer provider in two situations. 12 CFR 1005.32(b)(1). First, a remittance transfer provider may use estimates if they cannot determine exact amounts because the laws of the recipient country do not permit such a determination. Second, a remittance transfer provider may use the exception if the method by which transactions are made in the recipient country does not permit such a determination.

1. *Unable to determine exact amounts.* To rely upon this exception, a remittance transfer provider 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. 12 CFR 1005.32(b)(1)(i). The first may occur, for example, if the recipient country prohibits the remittance transfer provider 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 Bureau has published a safe harbor list of countries that a remittance transfer provider can rely on unless it has information that it is possible to determine the exact disclosure amounts. If a remittance transfer provider is sending a remittance transfer to any of those countries, the provider can estimate certain

disclosures for the remittance transfer. See 12 CFR 1005.32(b)(1)(ii). The current version of the safe harbor list is available at:

<https://www.federalregister.gov/documents/2013/11/05/2013-25754/electronic-fund-transfersregulation-e>.

The Remittance Transfer Rule also permits remittance transfer providers to make their own determinations that the laws of other recipient countries, not on the safe harbor list, do not permit a determination of exact amounts. In which case, a remittance transfer provider may use estimates. Comment 1005.32(b)(1)-5.

The Bureau welcomes input on whether it has included the right countries in the list, or about other countries or other areas that the Bureau should add to the list. Feedback and supporting legal authority, in English, should be emailed or mailed to the Bureau.

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 remittance transfer provider is eligible for this exception.* While the temporary exception is available only to insured institutions, the permanent exception may apply to any remittance transfer provider.
4. *Time Period.* This exception is permanent, but the countries on the safe harbor countries list may change.

If this exception applies, a remittance transfer provider can estimate, as applicable, the applicable exchange rate (12 CFR 1005.31(b)(1)(iv)), transfer amount in the currency in which the funds will be received before any covered third-party fees are taken out (12 CFR 1005.31(b)(1)(v)), covered third-party fees (12 CFR 1005.31(b)(1)(vi)), and the total to recipient in the currency in which funds will be received (12 CFR 1005.31(b)(1)(vii)). The transfer amount in the sender's currency (12 CFR 1005.31(b)(1)(i)), front-end fees and taxes (12 CFR 1005.31(b)(1)(ii)), and total amount of the transaction (12 CFR 1005.31(b)(1)(iii)) must always be the exact amounts.

## 4.2.5 Calculating estimates

If a remittance transfer provider may disclose estimated amounts (and wants to do so), the provider must calculate the estimates according to one of the specified methods listed in 12 CFR

1005.32(c). Remittance transfer providers should have policies and procedures in place for how to estimate in accordance with the Remittance Transfer Rule's provided methods. If a remittance transfer provider does not use a listed method, it is in compliance so long as the designated recipient receives the same, or greater, amount of funds than disclosed.

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

A remittance transfer 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 (i.e., non-covered third-party fees as described above). In addition, the Remittance Transfer Rule makes optional the requirement to disclose foreign taxes. As described above, a remittance transfer provider may choose to estimate the amounts of these fees and taxes based on reasonable sources of information. See 12 CFR 1005.32(b)(3) and comment 1005.32(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.

# 5. Cancellation, refund, and error resolution rights

## 5.1 Cancellation rights

Except for remittance 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 the remittance transfer provider to identify the transaction. 12 CFR 1005.34.

### 1. *Cancellation notice.*

Senders can request cancellation orally or in writing. These requests can be made with the remittance transfer provider or their agent. See 12 CFR 1005.34(a) and comment 1005.31(a)-4.

### 2. *Procedures.*

A remittance transfer provider 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. See 12 CFR 1005.34(b) and comment 1005.34(b)-2.

## 5.2 Error resolution

The Remittance Transfer Rule provides consumers with error resolution rights. 12 CFR 1005.33. If an error occurs, specific remedies are available to the sender.

### 5.2.1 Compliance policy and recordkeeping

Remittance transfer providers must develop and maintain written policies and procedures designed to ensure compliance with the error resolution requirements of the Remittance Transfer 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 an investigation. 12 CFR 1005.33(g).

## 5.2.2 Errors

The Remittance Transfer Rule describes what an error is for purposes of the error resolution requirements. 12 CFR 1005.33(a). An error means:

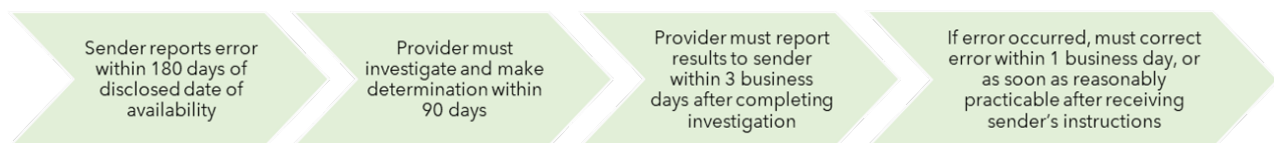
1. An incorrect amount paid by a sender in connection with the remittance transfer, such as being charged more than the total shown on the receipt;
2. A computational or bookkeeping error made by the remittance transfer provider relating to the remittance transfer, such as miscalculating the amount the designated recipient will receive;
3. The failure to make available to a designated recipient the amount of currency disclosed to the sender, unless:
  - a. The disclosure stated an estimate and the difference results from application of the actual exchange rate, fees, and taxes, rather than any estimated amounts;
  - b. The failure resulted from extraordinary circumstances outside the remittance transfer provider's control that could not have been reasonably anticipated; or
  - c. The difference results from the application of non-covered third-party fees or taxes collected on the remittance transfer by an entity other than the remittance transfer provider and the provider provided the required disclosure.
4. The failure to make funds available by the disclosed date of availability (including the non-delivery of funds), unless the failure resulted from:
  - a. The extraordinary circumstances outside the remittance transfer provider's control that could not have been reasonably anticipated;
  - b. Delays due to investigations required by fraud screening procedures, or Bank Secrecy Act, OFAC, or similar laws that the remittance transfer provider did not know about when it disclosed the date of availability;
  - c. The remittance transfer being made with fraudulent intent by the sender or any person acting in concert with the sender (e.g., "friendly fraud"); or
  - d. The sender having provided an incorrect account number or recipient institution identifier (but only if certain conditions are satisfied).

The Remittance Transfer Rule also provides examples of situations that are not considered errors. See 12 CFR 1005.33(a). For example, it is not an error if the sender has instructed a remittance transfer provider to send rubles but the designated recipient requests on his or her own to pick up funds in euros. See 12 CFR 1005.33(a).

### 5.2.3 Error resolution procedures

As illustrated in Figure 4 below, remittance transfer providers have a number of duties throughout the error resolution process.

**FIGURE 4:** ERROR RESOLUTION PROCESS



#### Notification

A remittance transfer provider's obligation to investigate an error is triggered when the sender notifies the provider or its agent about the error. See 12 CFR 1005.33(b). This notification generally must:

1. Be received by the remittance transfer provider or its agent no later than 180 days after the disclosed date of availability of the transfer;
2. Give enough information to identify the sender's name and contact information, the recipient's name, and the remittance transfer at issue; and
3. Indicate why the sender believes an error exists.

Investigation obligations are triggered when the sender notifies the remittance transfer provider or its agent of an error. Remittance transfer providers should ensure that they have a process in place for agents or others to promptly forward error notices. Remittance transfer providers may need to provide training on new processes to ensure that errors are recorded and forwarded properly.

#### Investigation period

Once a notice of an error is received, the remittance transfer provider must promptly investigate. The remittance transfer provider must determine whether an error occurred within 90 days of receiving the notice of error. 12 CFR 1005.33(c)(1).



## Report results

Within three business days of completing its investigation, the remittance transfer provider must report the results to the sender, including notice of any available remedies. See 12 CFR 1005.33(c)(1).

*If an error occurred:* The remittance transfer provider can report the results orally or in writing. See comment 1005.33(c)(1)-1.

*If no error has occurred:* The remittance transfer provider 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 relied upon in making the determination. 12 CFR 1005.33(d)(1). The remittance transfer provider must also provide a written explanation if it determines that an error occurred but the error is of a different type or a different amount than the error that the sender reported. 12 CFR 1005.33(d)(1).

## Senders' remedies

The remittance transfer provider must correct an error within one business day of receiving the sender's choice of remedy, or as soon as reasonably practical. 12 CFR 1005.33(c)(2).

The available remedies depend on the type of error. See 12 CFR 1005.33(c)(2).

*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.

12 CFR 1005.33(c)(2)(i). 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.

□ The error resolution requirements may trigger a change in risk management procedures.

The amount appropriate to resolve the error is the specific amount of transferred funds that should have been received, had there been no error. Comment 1005.33(c)-5. For example, in a dollar-to-dollar transfer, if the remittance transfer provider disclosed that a recipient would receive \$200, but the designated 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. 12 CFR 1005.33(c)(2)(ii). These funds must be redelivered without additional cost. If, however, the funds had already been picked up by the recipient, no additional amounts are required to resolve the error after the

remittance transfer provider refunds the appropriate fees and taxes paid by the sender. Comment 1005.33(c)-5.

Regardless of whether the refund or redelivery remedy is chosen, the remittance transfer provider must also refund any fees and taxes imposed on the initial transfer. 12 CFR 1005.33(c)(2)(ii)(B). 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 Remittance Transfer Rule requires the remittance transfer provider to refund the principal amount of the remittance transfer to the sender, unless the sender elects to have the transfer resent as a new remittance transfer before the refund is sent. 12 CFR 1005.33(c)(2)(iii). The remittance transfer provider may deduct from the transfer amount refunded or applied towards a new remittance 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 remittance transfer provider may not deduct its own fees from the amount refunded or applied to a new transfer.

### 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 remittance transfer 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. See 12 CFR 1005.33(h).

## 5.2.4 Example of error resolution rights

Consider a sender who calls an agent of the remittance transfer provider about a remittance transfer that was completed 100 days ago. During this call, the sender tells the remittance transfer provider's agent that the transfer amount available to the designated recipient was \$50 less than what was disclosed on the receipt. The remittance transfer provider then takes 30 days

to complete an investigation of the error, falling within the 90-day investigation period. The remittance transfer provider finds that there was an error, and the transfer amount available to the recipient was, in fact, \$50 short. The remittance transfer 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 remittance transfer provider has complied with the Remittance Transfer Rule's recordkeeping requirements, the remittance transfer provider has completed its obligations under the Rule's error resolution requirements.

# 6. Recordkeeping

## 6.1 Obligations

Remittance transfer providers are subject to the record retention requirements under 12 CFR 1005.13. See 12 CFR 1005.33(g) for more information. As noted above in Section 5.2.1, remittance transfer providers must retain documentation, including documentation related to error investigations, for a period of not less than two years from the date a notice of error was submitted to the provider or action was required to be taken by the provider. A remittance transfer provider need not maintain records of individual disclosures that it has provided to each sender; it need only retain evidence demonstrating that its procedures reasonably ensure the sender's receipt of required disclosures and documentation. Comment 1005.33(g)-1.

# 7. Liability for agents

Remittance transfer providers are liable for any violation of the Remittance Transfer Rule by an agent or authorized delegate when that party acts on the provider's behalf. 12 CFR 1005.35.

# 8. Transfers scheduled before date of transfer

The Remittance Transfer Rule contains special disclosure timing, content, and cancellation requirements for certain remittance transfers scheduled before the date of the remittance transfer, including preauthorized remittance transfers. 12 CFR 1005.36. Preauthorized remittance transfers are remittance transfers authorized in advance to recur at substantially regular intervals. 12 CFR 1005.30(d). Please consult 12 CFR 1005.36 to learn more about the requirements for these types of transfers.