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Advocates Applaud CFPB's New Fee-Disclosure Rule for Overseas Electronic Transactions

Rule Establishes Accountability and Transparency to Benefit Millions Who Send Money to Family and Friends Outside the U.S.

WASHINGTON—[The Consumer Financial Protection Bureau \(CFPB\) has released a final rule](#) providing protections for consumers who send payments overseas to friends and family. The National Consumer Law Center, on behalf of its low-income clients, applauds the CFPB for the substantial protections for consumers provided in this final rule. “The disclosures and substantive protection required by this CFPB rule will protect millions of consumers sending money overseas to family and friends,” said Margot Saunders, of counsel to the National Consumer Law Center.

These rules provide essential protections for these consumer payments – commonly called “remittances.” The new regulations, based on the statutory language passed by Congress in 2010, requires remittance transfer providers to provide essential information to consumers about the actual amount of money to be received by their family in the foreign country, as well as the exchange rate and all of the fees charged for the transaction. The rule makes remittance providers liable for agents acting on their behalf, and includes an error resolution procedure to resolve problems. The new rule takes effect February 7, 2013.

The supplemental rule issued yesterday includes an adjustment to permit incidental providers of remittances to avoid the requirements of the rule. Under the rule, a provider need not comply if in the previous calendar year it made 100 or fewer remittances, and to date in the current calendar year, it has made 100 or fewer remittances. Although the National Consumer Law Center had recommended that the trigger number for coverage under the regulation should be 25 or fewer transactions, 100 is far better than the number (6,000 per year) proposed by the industry. The line drawn by the CFPB will ensure that the overwhelming majority of remittances are covered by the rule’s protections.

The National Consumer Law Center, on behalf of its low-income clients, appreciates the careful attention to detail and meaningful safeguards provided by the CFPB in this final rule. The disclosures and substantive protections required by this rule will protect millions of consumers sending money home to family and friends.

The remittance transfer regulation – and its underlying statute – ensures for the first time transparency and fairness in remittance transactions. The rules are simple, easy to comply with, and an essential tool for remittance senders to be able to understand the actual terms of the transaction. The error resolution procedure mirrors the long-established and workable one already in the Electronic Fund Transfer Act.

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Since 1969, the nonprofit National Consumer Law Center[®] (NCLC[®]) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC’s expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitive practices, help financially stressed families build and retain wealth, and advance economic fairness.