



May 1, 2023

The Honorable Rohit Chopra, Director  
Attention: Ms. Sonia Lin and Mr. Seth Frotman  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

**Re: Recommendations to make international remittance pricing more transparent**

Dear Director Chopra:

Thank you for your continued interest in improving remittance services for low-income communities, including non-English speaking immigrant families. Following our recent discussions with Bureau staff, we provide here two specific recommendations to facilitate simplified comparison shopping of remittances in the marketplace.

We are pleased the Bureau is “studying whether differences in the way providers of overseas money transfers disclose exchange rates and certain fees can make it difficult for consumers to choose the lowest-cost option.”<sup>1</sup> Consumer advocates are confident the Bureau’s analysis will confirm the lack of transparency in this market, as we have explained in past submissions.<sup>2</sup> As you noted during a recent U.S. House Financial Services Committee hearing, “in many cases, the consumer cannot really know how much money is going to end up on the other side.”<sup>3</sup>

In the months ahead, we urge the Bureau to 1) issue Best Practice Guidance to the remittance industry that demonstrates how remittance costs should be provided in a significantly more transparent way for consumers; and 2) take public action when the Bureau identifies providers misleading consumers with offers of “free transfers” while intentionally inflating the exchange rate, hiding other fees, or using other pricing tricks as sources of revenue.

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<sup>1</sup> Wall Street Journal, [“CFPB Weighs Tougher Rules for Overseas Money Transfers,”](#) (Jan 16, 2023).

<sup>2</sup> National Consumer Law Center, Coalition Letter to CFPB Regarding Hidden Fees in International Remittances, (Oct. 19, 2021).

<sup>3</sup> Reuters, [“U.S. CFPB will look at improving exchange rate transparency among remittance providers -Chopra,”](#) (Dec 14, 2023).

**Best Practice Guidance:** We have long argued that the Bureau should amend Regulation E to require remittance services providers to simplify disclosures to enable meaningful comparison shopping. However, if amending the regulations is not currently feasible, the Bureau could still encourage regulated entities to improve the format for disclosures through a Best Practices Guidance providing instructions for simplified, transparent pricing of remittance disclosures.

To facilitate easy comparison shopping, only two numbers should be highlighted, with a third also provided, but not as prominently. The two highlighted numbers should be a) the **Total Remittance Amount**, and b) the **Total Remittance Received**.

A third number labelled **Total Fees and Costs of the Remittance** should also be provided, but with less prominence than the first two.

1. The **Total Remittance Amount** should include the full cost of the remittance to the sender, including a) the amount to be transferred to the recipient, and b) all fees charged by the provider that are added to the amount sent to the recipient. This will eliminate the confusion that results from different provider practices currently in the marketplace, in which one provider *adds fees* to the amount sent, and another *subtracts fees* from the amount sent. The current lack of uniformity makes it impossible for consumers to compare the relative costs between these products.
2. The **Total Remittance Received** should include only the amount that the recipient will receive, *after all fees have been deducted*.
3. The **Total Fees and Costs of the Remittance** should include a) all fees charged by the provider and the recipient's provider, and b) the dollar value of an exchange rate used that is over a benchmark exchange rate. To ensure uniformity across the market, the CFPB should state that failing to use a benchmark exchange rate will likely mislead consumers. The costs resulting from the use of a higher rate than the benchmark rate should be included in this "Total Fees and Charges" figure. The benchmark rate should be based on a reputable and independent mid-market rate or one provided by a central bank or other government entity. Using a benchmark exchange rate, and factoring the exchange rate spread into the "Total Charges" figure, will prevent industry participants from hiding profit-generating markups in metrics that are difficult for consumers to internalize, such as exchange rate margins. This figure will enable consumers to appreciate the cost of sending money with a provider, enabling consumers to choose the cheapest option while eliminating the confusion caused by the many factors influencing costs, such as exchange rates and fees charged by the sending, intermediate, and receiving institutions.

The illustration below shows two standard industry pricing disclosures under the current regime and our proposed Simplified Disclosures. Example A in both illustrations uses an exchange rate that differs from the mid-market rate by a significant margin, but lists the fee as zero dollars. Example B shows a transfer where the exchange rate is the mid-market rate, and the fees are fully disclosed. Because the entire price of the remittance is disguised as the exchange rate, a consumer in the current regime is unlikely to understand the full cost of the transfer in Example A is actually greater than that of the one in Example B.

**CURRENT INDUSTRY PRICING DISCLOSURE**

**EXAMPLE A (inflated exchange rate)**

<i>Transfer Amount:</i>	300 USD
<i>Transfer Fee:</i>	0 USD
<i>You are sending:</i>	300 USD
<i>Exchange Rate (USD to MXN):</i>	17.8022
<i>Recipient Receives:</i>	5340.66 MXN

**EXAMPLE B (disclosing fee)**

<i>Transfer Amount:</i>	300 USD
<i>Transfer Fee:</i>	2.50 USD
<i>You are sending:</i>	297.50 USD
<i>Exchange Rate (USD to MXN):</i>	18.2460
<i>Recipient Receives:</i>	5426.91 MXN

**SIMPLIFIED TOTAL COST PRICING DISCLOSURES**

**EXAMPLE A (inflated exchange rate, but included under total costs using benchmark rate)**

<i>Total Remittance Amount</i>	300.00 USD
<i>Recipient Receives</i>	5340.66 MXN
<i>Total Fees and Costs</i>	7.30 USD
<i>Transfer Amount (less fees)</i>	300.00 USD
<i>Exchange Rate (USD to MXN)</i>	17.8022

**EXAMPLE B (provider uses market exchange rate, but charges a fee)**

<i>Total Remittance Amount</i>	300.00 USD
<i>Recipient Receives</i>	5428.19 MXN
<i>Total Fees and Costs</i>	2.50 USD
<i>Transfer Amount (less fees)</i>	297.50 USD
<i>Exchange Rate (USD to MXN)</i>	18.2460

If all providers adopted these “best practices,” inconsistent pricing across industry would be eliminated and, for the first time, true apples-to-apples comparison on all three price variables would be possible. This would also simplify remittance pricing from providing five (confusing) variables to only three, with the others now closer to footnotes.

**Bureau Action:** The Bureau should use its enforcement and administrative adjudication authority to eliminate the worst industry practices, where providers mislead consumers by advertising “free” or low-cost transfers while inflating exchange rates or hiding other fees as the real sources of revenue. A public name and shame campaign would draw attention to the worst industry offenders and discourage these common practices.

While we encourage the Bureau to prioritize this matter and act quickly, we also would like to highlight that the upcoming International Day of Family Remittances on June 16 provides an excellent opportunity for the Bureau to raise awareness of policy issues impacting remittance senders. The annual observance date has been adopted by the United Nations General Assembly and celebrates the 200 million global migrants supporting family and friends back home. June 16th would be a fitting day for policy action to drive awareness of international remittances.

Thank you very much for your consideration of our recommendations. We, along with our advocacy partners, would be happy to engage more on these issues. For further discussion, please contact Nicole Cabañez at [ncabanez@nclc.org](mailto:ncabanez@nclc.org) and Margot Saunders at [msaunders@nclc.org](mailto:msaunders@nclc.org).

Sincerely,

**Americans for Financial Reform Education Fund**  
**Appleseed Foundation**  
**National Consumer Law Center, on behalf of its low-income clients**  
**Texas Appleseed**  
**UnidosUS**