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Comment Intake
Legal Division Docket Manager
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Defining Larger Participants of the International Money Transfer Market 2025

The National Consumer Law Center (on behalf of its low-income clients) and Consumer Federation of America appreciate the opportunity to submit these comments on the Consumer Financial Protection Bureau's advance notice of proposed rulemaking (ANPR) on whether to propose a rule to amend the test to define larger nonbank participants in the international money transfer (remittances) market. Entities defined as larger participants are potentially subject to supervision by the CFPB.

Summary

The CFPB's ANPR indicates that the number of remittance providers potentially subject to being examined could be reduced from about 28 to as few as four. We oppose raising the threshold for being a larger participant, which would do *nothing* to achieve the CFPB's stated goals of reducing compliance burdens or avoiding the diversion of CFPB limited resources. The CFPB is not required to and does not conduct examinations of all larger participants, and many are never examined at all. The CFPB conducts only a limited number of examinations each year, and the CFPB can limit the resources devoted to supervision and the number of companies examined without changing the larger participant definition.

But amending the definition would have harms, including depriving the CFPB of the flexibility to examine a company if problems arise or to spot check compliance by entities of different size. The CFPB would have less information about market practices and compliance challenges by mid-sized companies, making it harder to tailor regulation to them. Companies would have less incentive to respond to consumer complaints or to ensure that they are complying with the law. Law-abiding companies would be harmed by unfair competition. Companies that escape

supervision, a confidential, non-adversarial compliance tool, might instead face enforcement actions.

Reducing oversight in the remittances market is also problematic. Doing so will reduce the CFPB's ability to ensure that consumers receive accurate information about the cost of remittances and remedies when providers fail to investigate or properly take care of errors. Reduced supervision will harm consumers and undermine the purpose of the Consumer Financial Protection Act.

I. Supervision is an important, cooperative compliance tool.

Supervision is an important tool that helps the CFPB ensure compliance with the law, stop problems and potential problems, and identify emerging issues. Supervision is a more cooperative, less adversarial approach than an enforcement action. The typical result of an examination is a report with items to address. Most examinations do not result in enforcement actions.

Supervision is confidential. Neither the CFPB's findings nor the action that a company takes in response are public. Even the fact that a company is subject to examination is confidential. Enforcement actions, in contrast, are very public. Without supervision as an option, when the CFPB receives complaints or otherwise hears of problems, it would have to use more adversarial and public tools including launching a formal investigation, issuing subpoenas and civil investigative demands, and filing a public lawsuit in court. Even if the matter is resolved without litigation, consent orders from the Bureau are also public.

Supervision helps the CFPB and companies identify and correct small problems before they become big ones. The CFPB can identify compliance oversight weaknesses before they result in legal violations, or small issues before they harm even more consumers or warrant an enforcement action.

Supervision offers benefits to companies that are being examined. Companies have the opportunity to fix problems and improve their compliance. If problems go unaddressed, the company can still face enforcement by a state regulator or attorney general, or private litigation.

Supervision helps to keep an entire market safe and free of legal violations or unfair, deceptive or abusive practices. Publicity about a problem at one company can lead consumers to shun others. Work to ensure compliance with the law across a market promotes fair competition by requiring everyone to play by the same rules and preventing law-abiding companies from having to compete with those who violate the law or take advantage of consumers.

In markets like remittances, where nonbank companies compete with banks, supervision of nonbank players helps to level the playing field. All banks are supervised either by the CFPB or by other federal banking regulators, but no federal agency other than the CFPB has the authority to supervise nonbanks. If the CFPB does not have jurisdiction to supervise a nonbank company, there is no potential for federal supervision at all.

States are not an adequate substitute for the CFPB in the supervision of nonbank companies. Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act and gave the CFPB the mandate to supervise nonbank companies because of fatal gaps in consumer protection oversight of those companies. States do not possess the level of expertise in federal consumer protection laws that the CFPB's supervision team has developed, and virtually none of them has the resources to examine for compliance with those laws. Most do not have robust supervision for the remittances market. Even if a few states were able to conduct robust oversight, that would leave consumers in most other states exposed to legal violations and unfair practices. Consumers in rural areas also especially benefit from the CFPB's supervision oversight, because they may be less likely to have their problems noticed and addressed by regulators and attorneys general in states with less robust consumer protection regimes.

The CFPB has said that it will prioritize work to protect servicemembers and veterans. But without supervision, the CFPB will be far less likely to spot problems affecting our military and will have fewer options to address violations.

II. Changing the definition of larger participants will hamper the CFPB's flexibility to respond to problems, make compliance with the law harder for companies, and encourage risky behavior.

The CFPB stated that it is considering reducing the number of companies that are deemed to be larger participants because:

> The Bureau is concerned that the benefits of the current threshold may not justify the compliance burdens for many of the entities that are currently considered larger participants in this market, and that the current threshold may be diverting limited Bureau resources to determine whom among the universe of providers may be subject to the Bureau's supervisory authority and whether these providers should be examined in a particular year.[1]

But the current definition does not impose significant, unwarranted compliance burdens on companies that they would not otherwise have. Firms that fall within the definition receive advice and counsel about how to comply with the consumer financial laws examined and enforced by the Bureau. But so do companies that are not larger participants. Removing supervision does not mean that their obligation to comply with the law is now absent. It simply increases – though does not remove – the possibility that they can violate the law without being caught, which presents a dangerous proposition.

[1] 90 Fed. Reg. 38412 (Aug. 8, 2025).

Similarly, the CFPB has ample ability to decide how to allocate its limited resources without changing the definition of larger participant. The definition merely gives the CFPB the *option* of supervising a company. We understand that, even under the current definitions, many if not most of the companies on the smaller end of the spectrum have *never* been examined. The CFPB's supervision program has already shrunk dramatically (if it is operating at all) under current leadership. Changing the definition of a larger participant does not constrain the CFPB's discretion in how much of its resources it devotes to supervision and which companies it supervises. If the CFPB feels that supervision of companies below some threshold is not currently worth the benefit to consumers or the burden to companies, it can stop examining them.

But there are several potential harms of changing the definition.

If the CFPB receives a slew of complaints about a particular company or an emerging threat that it has not been examining, it currently has the option of using supervision to see what is going on. Keeping the existing definition under the current rules gives the CFPB flexibility about the best way to address the most significant risks to consumers.

Conversely, if a company knows that it cannot be supervised, then it will have less incentive to address consumer complaints or resolve problems that would be flagged by supervision or escalated for enforcement. The CFPB's complaint system is a cost-effective way to resolve individual issues, but it could become less effective as a company would feel less compulsion to address a complaint that has been referred to it. Members of Congress across the political spectrum have referred complaints to the CFPB, and they may be less able to get help for their constituents.

Companies that cannot be supervised could be more willing to take risks and skirt the law. The obligation to comply with consumer financial protection laws will remain, as will the risk of federal, state or private enforcement and the need for a compliance program. But some companies may gamble on not being caught if there is no potential of being supervised by the CFPB.

Violations that occur between 2025 to 2029 can still be the subject of enforcement actions for years to come, and having a smaller set of larger participants examined now could backfire. A change of CFPB leadership could result in more enforcement actions of the companies that escaped supervision – either because the companies became too lax, or because small problems were not addressed early. New leadership will not have to change the larger participant rule to file enforcement actions.

It is also unwise for the CFPB to relax potential oversight over the smaller large participants. The largest companies tend to have the most robust and sophisticated compliance programs. Those with fewer resources may need more help spotting problems, and benefit from free advice given through supervision exams and from publicly available information in the Supervisory Highlights that alert them to compliance issues.

Maintaining the authority to occasionally spot-check companies on the lower end can help the CFPB determine if there are more systemic issues affecting that segment of the marketplace. The CFPB might realize that those companies need more guidance or other assistance to help them comply with the law.

The CFPB can even reduce overall regulatory burden by having a better understanding of how mid-size companies operate, how they differ from the largest companies, and the compliance issues that they face. Those insights can help the CFPB to develop more appropriate regulations tailored to those companies.

III. Supervision is important to the remittances market

International remittances are a critical financial lifeline, particularly for the families and communities of migrant workers to the United States. Remittances provide direct funding to assist families with basic food and housing needs, facilitate investment in business and education, and contribute significantly to the communities and nations that receive them.[2] They directly support poor and vulnerable households, especially in developing countries.[3] The ability to support their families and to ensure that the money reaches them is incredibly important to consumers in the United States who send the funds.

In 2022, individuals in the United States sent approximately $79 billion in remittances abroad, making the U.S. the largest source country for remittance outflows.[4] Because of the essential role that remittances serve, effective supervision of all remittance providers—banks, money transmitters, and digital platforms—is necessary to ensure consumers receive funds promptly, transparently, and at reasonable cost. Without robust oversight, consumers face a range of problems that can undermine both household stability and trust in financial systems.

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[2]International Day of Family Remittances 2024: Digital Remittances Towards Financial Inclusion And Cost Reduction. https://www.iom.int/international-day-family-remittances-2024#:~:text=Remittances%20remain%20essential%20for%20the,and%20financiers%2C%20for%20sustainable%20development.

[3] David Malpass, Remittances are a critical economic stabilizer.
December 06, 2022 https://blogs.worldbank.org/en/voices/remittances-are-critical-economic-stabilizer#:~:text=At%20a%20time%20when%20the,inflation%20in%20the%20latest%20data.

[4] https://worldmigrationreport.iom.int/what-we-do/world-migration-report-2024-chapter-2/international-remittances

Lack of Transparency in Costs and Exchange Rates. Some of the most persistent challenges in the remittance market are misleading advertising and opaque pricing. Providers sometimes emphasize low transfer fees while obscuring unfavorable exchange rates, which can significantly increase the total cost to consumers. In 2024, the CFPB issued guidance warning that remittance transfers may be deceptive if they promise delivery within a certain time frame when transfers actually take longer; claim the transfers will be "free" or incur "no fee" when in fact the provider charges fees; or promote low fees or exchange rates for remittance transfers without clarifying that the offer is temporary.[5]

The CFPB's 2023 consent order with Chime, Inc. d/b/a Sendwave, illustrates the necessity of close supervision of remittance providers to protect consumers from deceptive acts.[6] The CFPB found that Chime misrepresented the speed and cost of its remittance transfers, and violated the EFTA by "1) wrongly requiring customers to waive their rights; (2) failing to provide required disclosures, including the date of fund availability and exchange rate; (3) failing to provide timely disclosures; and (4) failing to investigate errors properly and maintain required policies and procedures for error resolution."[7]

Similarly, the CFPB's 2025 consent order against Wise US Inc. also showed that consumers can be misled by marketing that downplays or misstates true costs.[8] The CFPB analysis and consent order followed directly from its exercise of its supervisory functions over Wise.[9] Wise was found to have employed deceptive marketing disclosures relating to ATM fees, violated the EFTA by failing to provide required disclosures and notices, and failed to adhere to error resolution provisions or to correct errors, as well as other failures.[10]

Delays and Failures in Delivering Funds. Consumers also face risks that remitted funds may not arrive on time, or at all. For example, the New York Attorney General's 2025 settlement with MoneyGram stemmed from widespread delays and failures in executing transfers as promised.[11] Since remittances are frequently used for urgent household needs—such as food, rent, or medical expenses—delays can have immediate and severe consequences for recipient families.

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[5] CFPB, Circular 2024-02, "Deceptive advertising and marketing of international money transfers." https://www.consumerfinance.gov/compliance/circulars/consumer-financial-protection-circular-2024-02/
[6] CFPB Enforcement Action against Chime, Inc. d/b/a Sendwave. https://www.consumerfinance.gov/enforcement/actions/chime-inc-dba-sendwave/
[7] *Id.*
[8] CFPB v. Wise US Inc., Consent Order (May 15, 2025). https://files.consumerfinance.gov/f/documents/cfpb_wise-us-inc_amended-consent-order_2025-05.pdf
[9] *Id.*
[10] *Id.*
[11] New York Attorney General, Settlement with MoneyGram (June 2025). https://ag.ny.gov/press-release/2025/attorney-general-james-secures-250000-moneygram-violating-consumer-protection#:~:text=June%2016%2C%202025,jeopardizing%20their%20customers'%20money%20transfers.

Errors and Inadequate Refund Mechanisms. Through the exercise of its supervisory functions, CFPB has found and corrected violations of error resolution and refund obligations under the Remittance Rule. In 2023, the Bureau's order against Sendwave required the company to correct failures in resolving transaction errors and issuing timely refunds.[5] Without supervision, providers may ignore or inadequately address customer complaints, leaving consumers unprotected when mistakes occur.

Persistently High Costs. Despite technological advances, the average global cost of sending $200 remains above high, almost 6%.[12] This cost burden falls disproportionately on low-income consumers, who often remit small amounts frequently. Ensuring that costs are transparently and accurately disclosed so that consumers can comparison shop is essential.

IV. The CFPB should not reduce the number of remittance providers subject to supervision.

Currently, a remittance provider is considered to be a larger participant if it has over 1 million annual transmissions. That definition reaches about 28 nonbank providers covering 98% of transfers.[13] The ANPR suggests these possibilities for reducing the number of annual transmissions:

- 10 million, reaching 15 companies and 94% of transfers
- 30 million, reaching 8 companies and 77% of transfers
- 50 million, reaching 4 companies, 61% of transfers

We disagree with all of those options. Again, the CFPB does not need to, and undoubtedly does not, examine all 28 companies that are currently larger participants, especially not on an annual basis. But eliminating providers from the definition will prevent the CFPB from understanding different segments of the market and stepping in to take a closer look if it hears concerns about a company. Notably, different providers may cater to different immigrant populations speaking different languages and sending money to different countries. Different problems may arise in different settings, such as issues with how fees on the receiving end are treated. Thus, having the flexibility to examine a broader spectrum of the market is critical to ensuring that all consumers are safe, regardless of where they are sending money. Reducing the number of companies that can be examined to as low as eight or four would especially be a dereliction of the CFPB's responsibilities to all consumers.

V. Conclusion

International remittances are essential financial lifelines. Yet, without strong supervision, consumers remain vulnerable to deceptive pricing, delayed or failed transfers, poor error resolution, and exclusion from affordable services. Recent enforcement actions by the CFPB, state regulators, and international institutions illustrate both the pervasiveness of these

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[12] Remittance Prices Worldwide Quarterly, at 12-13.
https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q124_final .pdf
[13] 90 Fed. Reg. at 38414.

problems and the need for ongoing oversight. Protecting consumers in this market requires vigilant supervision that balances compliance obligations with financial inclusion and ensures that remittances fulfill their vital role in supporting families worldwide.

Thank you for the opportunity to submit these comments. If you have questions, please contact Margot Saunders at msaunders@nclc.org.

Yours truly,

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