

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

August 10, 2012

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

Consumer Financial Protection Bureau (CFPB) Updates International Money Transfer Rule

On August 7, 2012, the CFPB updated its international money transfer rule that was initially published on February 7, 2012. The update increases the threshold for applicability of the rule and provides guidance on remittances scheduled in advance of transfer.

The CFPB's final remittance rule will take effect February 7, 2013. The rule implements new protections under the Dodd-Frank Act that require remittance transfer providers to disclose upfront fees, as well as the exchange rate and the amount to be received by the recipient. Disclosures must generally be provided when the consumer first requests a transfer and again when payment is made. The rule also provides consumers with error resolution and cancellation rights.

When the final remittance transfer rule was initially released, the CFPB also published a Notice of Proposed Rulemaking seeking comment on whether to provide additional safe harbors and flexibility in applying the final rule in certain situations. The CFPB has reviewed those comments and has finalized the supplemental rule, which will also take effect on February 7, 2013.

The CFPB concluded that those institutions that consistently conduct 100 or fewer remittance transfers per year do not provide transfers in the "normal course of business" and therefore are not subject to the new requirements. However, if an institution that provided 100 or fewer remittance transfers in the previous year provides more than 100 remittance transfer in the current year, the rule provides a reasonable transition period, not to exceed six months, to begin complying with the remittance transfer rule provisions.

The final rule also adjusts certain rules regarding remittances that consumers schedule several days in advance of the transfer. The changes are designed to address concerns that remittance transfer providers might stop offering transfers scheduled in advance due to concerns about compliance costs under the new requirements.

Resources

The new final rule is available at: http://files.consumerfinance.gov/f/201208_CFPB_remittance_rule.pdf.

For additional information on CFPB rules and related guidance, please reference the CFPB's website at <http://www.consumerfinance.gov/>.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information regarding supervisory expectations, please contact:

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