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To: Clients and Friends

From: David F. Dulock

Subject: CFPB Updated Final Rule Makes International Money Transfers Easier

In a press release dated August 7, 2012, the Consumer Financial Protection Bureau (CFPB) provided notification that it has updated its international money transfer rule issued February 7, 2012, (February Rule) to make the transfer process easier for institutions that handle 100 or fewer remittances a year. The updated rule the subject of the above press release (Updated Final Rule) clarifies the process for community banks, credit unions, and other financial institutions.

According to CFPB Director Richard Cordray, the Updated Final Rule will make “the process easier for community banks, credit unions, and other small providers that do not send many remittance transfers.” Below is a redacted version of the CFPB’s press release:

The February Rule will take effect Feb. 7, 2013, and implements new protections under the Dodd-Frank Act that require remittance transfer providers to disclose fees upfront, 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 February Rule also provides consumers with error resolution and cancellation rights.

When the February Rule was released, the CFPB also published a Notice of Proposed Rulemaking seeking comment on whether to provide additional safe harbors and flexibility in applying the February Rule in certain situations. The CFPB has now received those comments and has finalized the Updated Final Rule, which will also take effect on Feb. 7, 2013.

The Updated Final Rule provides 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 in the February Rule. However, if a company that provided 100 or fewer remittance transfers in the previous year provides more than 100 remittance transfers in the current year, the Updated Final Rule provides a reasonable transition period to come into compliance.

The Updated Final Rule also adjusts certain rules regarding remittance transfers 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 in the February Rule.

Consumers transfer tens of billions of dollars from the United States to foreign countries each year. Prior to the passage of the Dodd-Frank Act, these international money transfers were generally excluded from existing federal consumer protection

regulations. To remedy this, the Dodd-Frank Act expanded the scope of the Electronic Fund Transfer Act to provide protections for senders of remittance transfers.

Although the Updated Final Rule is not yet published in the *Federal Register*, it is available at: http://files.consumerfinance.gov/f/201208_CFPB_remittance_rule.pdf.

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