

[Banking and Finance Law Daily Wrap Up, CHECKS AND ELECTRONIC TRANSFERS—Banking groups support CFPB’s remittance rule assessment plan, provide recommendations, \(May 24, 2017\)](#)

Banking and Finance Law Daily Wrap Up

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The American Bankers Association and a number of other banking groups have expressed provisional support for the Consumer Financial Protection Bureau’s plan to reassess consumer remittance transfers under the Electronic Fund Transfer Act and subpart B of Reg. E. The ABA, together with The Clearing House, the Consumer Bankers Association, and the Bankers Association for Finance and Trade submitted a [joint letter](#) to the bureau offering specific recommendations for further reform of the remittance rule to make the remittance process more efficient and cost-effective for consumers and less burdensome for providers. In addition, a separately submitted [ABA letter](#) focused primarily on the suggested methodology that the bureau should employ in assessing the rule’s effectiveness.

Required assessment. Section 1022(d) of the Dodd-Frank Act requires the CFPB to conduct an assessment of each significant rule or order adopted by the bureau under federal consumer financial law and publish a report of the assessment no later than five years after the effective date of the rule or order. Prior to publishing the report, the bureau must request comments on the assessment (see [Banking and Finance Law Daily](#), March 20, 2017).

Joint recommendations. In their joint letter, the four banking associations recommended that the bureau:

- allow depository institutions to provide estimates of third-party fees and exchange rates, rather than the actual fees and rates, in connection with remittance transfers to countries for which obtaining exact data is not operationally feasible;
- exclude from rule’s coverage transfers exceeding a certain dollar amount and transfers that are made through reloadable prepaid cards;
- modify disclosure requirements by giving senders more flexibility to select preferred delivery mechanisms, eliminating redundant disclosures to senders making concurrent, multiple transfers by phone, and simplifying disclosures for pre-scheduled transfers;
- modify cancellation and resend rights by eliminating the 30-minute cancellation window in lieu of a right to cancel prior to a provider’s execution of transfer, and limiting error resolution remedies to a refund instead of a resend request when the error is a sender error that involves an amount less than \$15, or does not impact the amount of funds received by the designated recipient; and
- modify error resolution provisions by holding the sender, and not the provider, responsible for transaction costs resulting from sender error.

ABA’s separate comments. In an effort to assist the bureau, the ABA conducted a survey of member banks regarding the rule’s impact. According to the survey results and other data provided by ABA members, the rule has restricted consumers’ access to remittances, increased fees for use of the service, and unnecessarily delayed remittance requests. Moreover, "there is little evidence that the Final Rule has improved consumer decision-making or facilitated comparison shopping," the organization said.

The ABA urged the bureau to examine whether:

- consumers, including consumers in rural areas, have access to remittance transfer services,
- consumers are given information about remittance services that inform rather than confuse, and
- regulation of remittances is not unnecessarily burdensome to the financial institutions that provide this service.

In addition, the ABA said that the bureau's assessment must address the bureau's specific goals to improve the predictability of remittance transfers, provide consumers with better information to facilitate comparison shopping, and limit potential market disruption.

Companies: American Bankers Association; Bankers Association for Finance and Trade; Consumer Bankers Association; The Clearing House

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