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CFPB Finalizes Rule to Oversee Larger Nonbank International Money Transfer Providers

Rule Helps Bureau Ensure Nonbanks Are Implementing New Consumer Protections

WASHINGTON, D.C. – Today, the Consumer Financial Protection Bureau (CFPB) finalized a rule that allows it to supervise certain nonbank international money transfer providers for the first time. The rule, first proposed in January, brings new oversight to larger nonbank international money transfer providers. The rule will help the Bureau to ensure that these providers are adhering to the CFPB's existing protections for consumers sending money abroad.

"Last year, our new protections for consumers sending money abroad took effect," said CFPB Director Richard Cordray. "Today's rule gives us oversight of the larger marketplace and allows us to ensure that consumers are actually receiving those protections."

U.S. consumers send funds abroad for a number of reasons, like assisting family or friends with their expenses or purchasing goods. Pricing for international money transfers is complex and may depend not only on fees and taxes, but also on exchange rates. Prior to the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), international money transfers were generally not covered by federal consumer protection regulations.

The Dodd-Frank Act expanded the scope of the Electronic Fund Transfer Act to provide protections for consumers who send remittance transfers. In October 2013, the CFPB's Remittance Rule, which implements these new protections, went into effect for both banks and nonbanks that are remittance transfer providers.

In January 2014, the CFPB proposed a rule to oversee the larger nonbank international money transfer providers. The CFPB is finalizing that rule today largely as proposed. CFPB examiners already have the authority to assess the largest banks' and credit unions' compliance with the Remittance Rule. The

CFPB's final rule, issued today, will also subject any nonbank international money transfer provider that provides more than 1 million international money transfers annually to the CFPB's supervisory authority.

The Bureau estimates that nonbank providers transfer approximately $50 billion annually through about 150 million individual international money transfers. The Bureau estimates that the rule will bring new oversight to about 25 of the largest providers in the market when it takes effect on December 1, 2014.

Under the final rule, CFPB examiners will be able to examine larger nonbank international money transfer providers for compliance with the Remittances Rule. Examiners will be looking to ensure that these nonbanks are offering new protections that have been required since last year such as:

- **Better Disclosures:** Under federal law, remittance transfer providers must generally disclose information about the exchange rate, fees, the amount of money that will be delivered abroad, and the date the money will be available. Consumers must receive these disclosures in English and any other language the provider uses to advertise, solicit, or market its services at a particular office, or in which the transaction was conducted.

- **Option to Cancel:** Typically, consumers have at least 30 minutes after payment to cancel a remittance if it has not yet been received. If they cancel within the 30-minute window, they will get their money back regardless of the reason the consumer wants to cancel.

- **Correction of Errors:** Remittance transfer providers are held accountable for certain types of errors. If a consumer reports a problem with a transfer within 180 days, the provider must generally investigate and correct certain errors. Companies that provide remittance transfers may also be responsible for mistakes made by their agents.

The Dodd-Frank Act gave the CFPB authority to supervise "larger participants" in consumer financial markets as defined by rule. The Bureau can oversee larger participants' activity to ensure compliance with federal consumer financial laws. This rule is the Bureau's fourth larger participant rule. The first three rules

involved markets for student loan servicing, debt collection, and consumer reporting.

Today's final rule is available at:http://files.consumerfinance.gov/f/201409_cfpb_final-rule_larger-participant-rule-international-money-transfer-market.pdf
A fact sheet on the final rule is available here:http://files.consumerfinance.gov/f/201409_cfpb_fact-sheet_larger-participant-rule-international-money-transfer-market.pdf

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.