

OCTOBER 15, 2012

# International Fund Transfers

SMALL ENTITY COMPLIANCE GUIDE



Consumer Financial  
Protection Bureau

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# 1. Introduction

Consumers in the United States send billions of dollars abroad each year. In 2010, the Dodd-Frank Act<sup>a</sup> expanded the scope of the Electronic Fund Transfer Act’s requirements for certain international fund transfers. These transactions are referred to as “remittance transfers.” To implement the Dodd-Frank Act requirements, the Consumer Financial Protection Bureau (CFPB or Bureau) issued a new [rule](#) that requires most companies that provide remittance transfers to give their customers certain disclosures, and establishes cancellation and error resolution procedures.

All remittance transfer providers must comply with this rule by **February 7, 2013**.

In this guide, the transactions covered by the rule are called “remittance transfers,” or “remittances.” Your customers may also refer to them by other names, such as “international money transfers” or “international wires.”

## **What is the purpose of this guide?**

Under Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996, the Bureau must issue a small entity compliance guide to help small businesses comply with the new remittance regulations.

The purpose of this guide is to provide an easy-to-use summary of the remittance transfer rule. This guide also highlights issues that businesses, in particular small businesses and those that work with them, might find helpful to consider when implementing the rule. The focus of this guide is the remittance transfer rule. This guide does not discuss other federal or state laws that may apply to remittance transfer providers.

The CFPB anticipates that most businesses that qualify as “remittance transfer providers” will have to make some changes to their processes, software, contracts, or other aspects of their practices. The businesses that help remittance transfer providers send money abroad, such as

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<sup>a</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 11-203, § 1073, 124 Stat.

1376, 2060-2067 (2010) (amending 15 U.S.C. 1693 *et seq.*).

software providers, agents in the United States, foreign agents, and others, may also have to make changes to their business practices and systems.

Changes related to this rule may take careful planning, time, or resources to implement. This guide will help businesses identify and plan for any necessary changes.

This guide was prepared by CFPB staff. The guide summarizes rules adopted by the CFPB but is not a substitute for the rule. Only the rule can provide complete and definitive information regarding its requirements. The complete rule, including the Official Staff Commentary, is available at <http://www.consumerfinance.gov/regulations/final-remittance-rule-amendment-regulation-e/>. At the end of this guide, there is more information about how to read the rule and a list of additional resources.

### **Who should read this guide?**

Any business that sends money internationally for consumers may find this guide helpful. The rule covers a broad range of companies and transfers. This guide will help you determine whether the transfers you send are regulated by this rule, and if so, what your compliance obligations are. It discusses exceptions that might apply to you, including a temporary exception that allows insured depository institutions and credit unions to use estimates in their disclosures. This guide may also be helpful to agents, software providers, and other companies that serve as business partners to remittance transfer providers.

### **Who can I contact about this guide or the remittance transfer rule?**

For more information on the rule, please contact the CFPB's Office of Regulations at (202)435-7700, or email legal guidance questions to [CFPB\\_RemittanceRule@cfpb.gov](mailto:CFPB_RemittanceRule@cfpb.gov).

Email comments about the guide to [CFPB\\_RemittanceGuide@cfpb.gov](mailto:CFPB_RemittanceGuide@cfpb.gov). Your feedback is crucial to making sure the guide is as helpful as possible. We would love to hear your thoughts on its usefulness and readability, and about improvements you think are needed.

We would like to know:

- 1) What kind of business do you operate?
- 2) Generally, what is the size of your business?
- 3) Where are you located?
- 4) How useful did you find the guide for understanding the rule?
- 5) How useful did you find the guide for implementing the rule at your business?
- 6) Do you have any suggestions for improving the guide, such as additional Implementation Tips?

## 2. Summary: What is the rule about? What does it require?

The following is a summary of the rule. The rule is discussed in more detail later in this guide.

### I. What does the rule cover?

Generally the remittance transfer rule applies to transactions that (i) qualify as remittance transfers and (ii) are sent by people or companies that qualify as remittance transfer providers.

Remittance transfers are electronic transfers of funds that are more than \$15 requested by consumers in the United States, and sent to people or companies in foreign countries. These transfers include many types of international transfers, including cash-to-cash money transfers, international wire transfers, international ACH transactions, and certain prepaid card transfers.

The rules apply to most companies that offer remittance transfers, including:

- banks;
- thrifts;
- credit unions;
- money transmitters; and
- broker-dealers.

Companies that consistently send 100 or fewer remittance transfers a year do not qualify as remittance transfer providers and are not covered by the rule. This exception is discussed on page 12.

Insured depository institutions and credit unions are covered by the rule, but have a temporary exception that allows them to estimate disclosure information in certain circumstances. This exception is discussed on page 21.

## II. Disclosure obligations

The rule generally requires a company to give two disclosures to consumers. Amounts disclosed must be exact, although in limited cases, companies can estimate certain amounts. Companies must provide the disclosures in English, and sometimes also in other languages, as discussed on page 20.

The first disclosure – known as a pre-payment disclosure - is given to the consumer before she pays for the remittance transfer. This disclosure must list the amount of money to be transferred, the exchange rate, fees and taxes, and the amount of money the recipient will receive. Providing this disclosure does not commit the consumer to complete the transaction.

You must also provide a receipt when payment is made. The receipt must repeat the information in the first disclosure. The receipt must also tell consumers the date when the money will arrive, in addition to other specific information.

Instead of issuing a separate pre-payment disclosure and receipt, a company may opt to provide a single combined disclosure before the consumer pays for the transfer, so long as proof of payment is given when payment is made.

There are special disclosure rules for transfers scheduled before the transfer date.

## III. Cancellation and error resolution rights

The rule gives consumers 30 minutes to cancel a remittance transfer and receive a refund. Special cancellation rules apply to transfers scheduled three or more business days before the transfer date.

Consumers have 180 days to report errors in regards to a particular transfer. If a consumer reports an error, a company must investigate it. For certain errors, consumers can get a refund or redelivery, without charge, of any amount that did not arrive. Remittance transfer providers are also responsible for mistakes made by their agents.

# 3. Key questions

These are the key questions you should think about relating to this rule:

1. Do you offer consumers a way to send money abroad?
2. Are the transfers you provide remittance transfers?
3. If so, are you a remittance transfer provider?

If the answer to any of these questions is “no,” then you do not have compliance obligations under this rule. If the answer to all of these questions is “yes,” you will need to comply with the rule. If so, these are the key legal questions you will need to consider:

4. What are your disclosure obligations?
5. What cancellation rights do senders have?
6. What are your error resolution obligations?

Additionally, there are a number of practical questions that may help you identify any changes to your business practices necessary to ensure legal compliance. We have included a discussion of practical compliance questions on page 28.

## 4. What is a remittance transfer and what qualifies a company as a remittance transfer provider?

Generally, consumers in the United States who send money electronically to consumer or business recipients in foreign countries are sending remittance transfers. Although you may traditionally think of remittances as money sent by immigrants to family members abroad, many other international fund transfers qualify as remittance transfers under the rule. For example, wire transfers of funds to make tuition payments in foreign countries may be remittance transfers. There is also no cap in the rule on the size of the transfer that may be a remittance transfer. As long as the transaction is at least \$15, the transfer might be covered by the rule.

This section discusses what is, and is not, a remittance transfer. It also discusses who is, and is not, a remittance transfer provider. Only remittance transfers sent by remittance transfer providers are subject to the requirements outlined in section 5.

### I. Is there a remittance transfer?

#### i. Remittance transfer (§ 1005.30(e))

A remittance transfer is an electronic transfer of funds requested by a sender to a designated recipient that is sent by a remittance transfer provider. A transaction can be a remittance transfer:

- whether or not the sender has an account with the remittance transfer provider; and
- whether or not the transfer is an electronic fund transfer under the federal Electronic Fund Transfer Act.



Some examples of transactions that may be remittance transfers are cash-to-cash transfers, cash-to-account transfers, international wire transfers, international automated clearing house (ACH) transfers, and certain prepaid card transactions. However, transfers where a check is mailed abroad generally would not be remittance transfers since they are not electronic transfers.

**Implementation Tip:** The term remittance sometimes refers to immigrants sending small amounts of money to their home countries. But the rule applies to a much broader set of transactions, including an immigrant's transfer of \$100 to his mother in another country or a consumer's \$5 million wire transfer to purchase luxury real estate in another country.

## ii. Sender (§ 1005.30(g))

For there to be a remittance transfer, there has to be a sender. A sender is an individual consumer located in a state (as defined in § 1005.2(l)) who, primarily for personal, family, or household purposes, requests that a remittance transfer provider send a remittance transfer to a designated recipient. A transfer requested by a business is not a remittance transfer. So, transfers from sole proprietor accounts are not remittance transfers.

Whether a consumer is in a state depends on whether or not the transfer is made from an account.

*Account-based transfers:* For a transfer made from an account, whether a consumer is located in a state depends on where the consumer's account is located, not where the consumer is physically located at the time of the transfer. That is, if the account is located in a state, the consumer is located in a state for purposes of the definition (even if the consumer is physically located abroad when the transfer is made).

*Non-account-based transfers:* When a transfer is not made from an account, and is requested in person, you will know whether the consumer is located in a state by her physical presence. However, if the transfer is requested electronically or by phone, you can rely on other information provided by the consumer, and any records associated with the consumer that you may have. For example, the provider may have the consumer's address on file. If the provider has no other information, it can rely on that file to determine the consumer's location.

**Implementation Tip:** To identify remittance transfers, you will need to identify which senders are located in the United States and which recipients are located in other countries. If you are not sure how to determine a sender's location, you can choose to provide disclosures for all international transfers.

## iii. Designated recipient (§ 1005.30(c))

For a transaction to be a remittance transfer, there needs to be a designated recipient. A designated recipient is any person specified by the sender as the authorized recipient of a remittance transfer to be received at a location in a foreign country. As opposed to a sender, the designated recipient can be an individual consumer or a business. So, both consumer-to-consumer and consumer-to-business transfers abroad may be remittance transfers.

You should look to where funds will be received to determine whether there is a designated recipient. A remittance transfer is received at a location in a foreign country if funds are to be physically received at a location outside of any state. For transfers to an account, this depends on where the recipient's account is located. For example, the sender may transfer funds to a recipient's account in Brazil, even though the recipient may be in the United States at the time of the transfer. In this case, there is a designated recipient, because the recipient's account is located in a foreign country. However, a transfer to a recipient's account in Florida would not be a transfer to a designated recipient, even if the recipient is in France, because the recipient's account is located in a state.

#### iv. Exceptions

Transfers of \$15 or less are exempt from the rule. In addition, certain transfers related to the purchase or sale of securities or commodities are not covered by the rule. See § 1005.30(e)(2) for more information.

The following chart gives some examples of transfers that are and are not remittance transfers under the rule.

**TABLE 1: IS IT A REMITTANCE TRANSFER?**

Example	Yes	No
Consumer sends cash at a money transmitter located in Colorado to a business recipient in France	✓	
Business sends cash at a money transmitter located in Colorado to a consumer recipient in France		✓ - business is not a "sender"
Consumer wires money from a bank account in California to a consumer bank account in Brazil	✓	
Consumer sends an ACH from a bank account in California to make a mortgage payment in Brazil	✓	
Consumer sends cash at a money transmitter in California to a consumer recipient in Colorado		✓ - recipient is not located in a foreign country
Consumer buys a prepaid card in the U.S., and provider gives or mails the prepaid card to that consumer in the U.S.		✓ - provider does not know whether consumer will send the card abroad
Consumer buys a prepaid card in the U.S., and the provider mails the prepaid card directly to a recipient abroad	✓	
Consumer has a U.S.-based bank account, and her bank mails an ATM card associated with that account to a recipient abroad		✓

## II. Are you a remittance transfer provider?

### i. Definition of remittance transfer provider (§ 1005.30(f)(2))

A remittance transfer provider is any person that provides remittance transfers for a consumer in the normal course of its business, regardless of whether the consumer holds an account with that person. Money transmitters, depository institutions, credit unions, and broker-dealers can be remittance transfer providers.

**Implementation Tip:** Remittance transfers may be sent by various departments in your company. You may need to identify and contact each department to determine how many remittance transfers you provide per year.

### ii. Normal course of business (§ 1005.30(f)(2))

Whether you provide remittance transfers in the normal course of business depends on the facts and circumstances, such as the total number and frequency of transfers that you provide. To make this determination easier, the rule provides a safe harbor. If you provided 100 or fewer remittance transfers in the previous calendar year, and you have provided 100 or fewer remittance transfers in the current calendar year, then you will not be considered to be providing remittance transfers in the normal course of your business.

If you exceed the 100-transfer safe harbor in a given year, you could still be exempt. See § 1005.30(f) to find out more. Otherwise, if you were eligible for the safe harbor but then exceed it in a given year, you have up to six months to come into compliance with the rule.

**Implementation Tip:** When counting to 100, you need to count all types of remittance transfers covered by the rule together. If you sent 60 international wire transfers and 50 international ACH transactions last year, then you provided over 100 remittance transfers last year.

With regard to transfers provided prior to this rule's February 7, 2013 effective date, the Bureau expects that providers who did not distinguish remittance transfers from other electronic transfers of funds sent to recipients in other countries can use reasonable means to identify what subset of these transfers were remittance transfers, based on available information. For example, a bank might conclude that every outbound international wire transfer initiated by a consumer is a remittance transfer for purposes of determining whether the safe harbor applies in the first year after the effective date.


# 5. What do providers have to do to comply with the rule?

If you are a remittance transfer provider, the next steps are to understand your obligations under the rule. In connection with each transfer you send, you will have disclosure obligations as well as error resolution and cancellation obligations. In particular, the required disclosures, and how you give them, may be different than what you do today.

## I. What are your disclosure obligations? (§§ 1005.31 and 1005.32)

The rule requires providers to give consumers disclosures at certain stages of the remittance transfer process. The rule requires you to give a pre-payment disclosure to a consumer before the consumer pays for a remittance transfer. You must also provide a receipt when payment is made. Model disclosure forms are provided in Appendix A to Regulation E, and are also available on the [CFPB website](#).

Amounts disclosed must be exact, although in some cases, companies can estimate amounts. Companies must provide the disclosures in English, and in any other languages that they use to advertise, solicit, or market their services at a particular office, or in which the transaction was conducted. Section I describes the disclosures along with form, format, and language requirements. Estimates are discussed in section II.

 **Implementation Tip:** In many cases, the rule requires providers to print disclosures for the consumer before the consumer pays for the transfer. If you do not already provide disclosure forms before payment, you may need to retrain your front-line staff, as well as consider changes to your software, in order to print the disclosures.

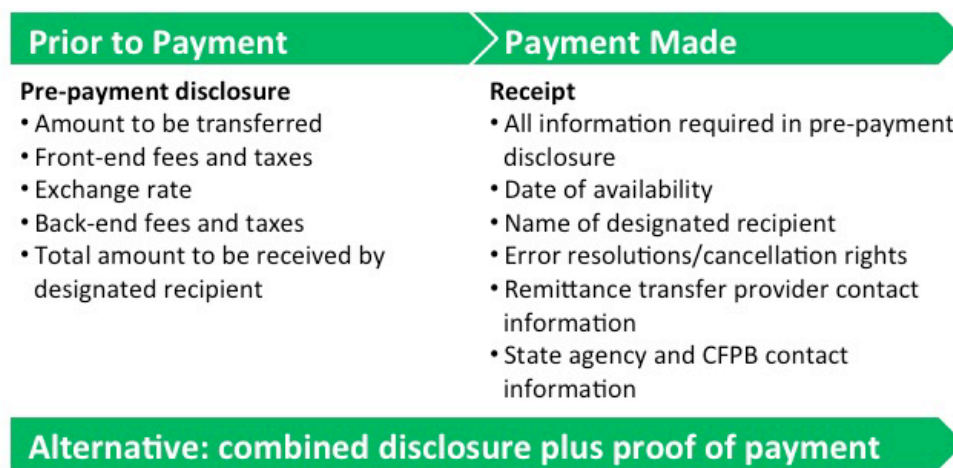
Some information required in the disclosure may not be applicable to a particular transfer. In these cases, you're not required to provide it. For example, if an exchange rate is not applied to the transaction (e.g., if the transfer is sent and received in dollars), then disclosure of an exchange rate does not need to be made.

**Implementation Tip:** Think about whether the rule allows you to estimate the disclosed amounts, and whether you need to provide the disclosures in other languages.

Alternative disclosure procedures apply to remittance transfers scheduled before the date of transfer, including recurring transfers. The rule describes these procedures in § 1005.36.

Figure 1 summarizes the information that must be provided, where applicable, in each disclosure.

**FIGURE 1: DISCLOSURE INFORMATION**



**i. Pre-payment disclosure (§ 1005.31(b)(1))**

A provider must give a sender a pre-payment disclosure after he or she requests the remittance transfer, but before he or she pays for the transfer. The pre-payment disclosure informs the consumer of the cost of the transaction before he or she decides to complete a transfer. The consumer is not required to complete the transaction after receiving this disclosure. If the consumer leaves to think about conducting a transfer, returns later on, and your rates or fees have changed, you need to provide the consumer with a new, accurate pre-payment disclosure before payment is made.

The information to be disclosed is summarized in Figure 1 above, and is described in more detail in Table 1 below. Table 1 shows a model pre-payment disclosure (as set out in [Appendix A-30](#) to Regulation E), followed by an explanation of the numbered components.

**TABLE 1: A-30 – MODEL FORM FOR PREPAYMENT DISCLOSURES**

<b>ABC Company</b>	
1000 XYZ Avenue Anytown, Anystate 12345	
Today's Date:	March 3, 2013
<b>NOT A RECEIPT</b>	
Transfer Amount:	\$100.00 <sup>1</sup>
Transfer Fees:	+\$7.00 <sup>2</sup>
Transfer Taxes:	+\$3.00 <sup>2</sup>
Total:	\$110.00 <sup>3</sup>
Exchange Rate:	US\$1.00 = 12.27 MXN <sup>4</sup>
Transfer Amount:	1,227.00 MXN <sup>5</sup>
Other Fees:	-30.00 MXN <sup>6</sup>
Other Taxes:	-10.00 MXN <sup>6</sup>
Total to Recipient:	1,187.00 MXN <sup>7</sup>

**1. Transfer amount (in the sender's currency)**

The *transfer amount* shows the amount to be transferred to the recipient. This amount must be stated in the currency in which the sender pays for the remittance transfer. For example, if a sender pays in dollars to send funds to a recipient who will receive the funds in pesos, the transfer amount should be stated in dollars.

**2. Transfer fees and taxes (in the sender's currency)**

*Transfer fees and taxes* include any up-front fees or taxes you impose or pass onto the sender (including state taxes imposed by a state or other governmental body), and must be disclosed in the currency in which the sender pays for the transfer. These up-front fees and taxes must be disclosed as two separate line items, as applicable. This disclosure shows the consumer how much you are charging for the transfer, and makes this charge transparent by separating it from any taxes you must collect.

**3. Total amount of the transaction (in the sender's currency)**

The *total amount of the transaction* reflects the sum of the transfer amount and up-front transfer fees and taxes imposed or passed on by the provider, disclosed in the currency in which the sender pays for the transfer. In other words, this is the total amount the sender must pay out-of-pocket.

#### 4. Exchange rate

The *exchange rate* is the exchange rate applied to the remittance transfer. An exchange rate must be disclosed – floating and unknown rates are not allowed. Even if you do not set the exchange rate yourself, it has to be disclosed. For example, if you work with correspondent banks that do the currency conversion, you still must disclose the exchange rate that applies to the remittance. However, you may be able to estimate the exchange rate under an exception to the rule (see “Exceptions,” below).

**Implementation Tip:** Has your customer told you that funds are to be received in another currency? Even if you don’t do the conversion yourself, you need to disclose the exchange rate that will be applied to the transaction. You may be able to estimate the rate if an exception to the rule applies.

The disclosed exchange rate must be rounded from 2 to up to 4 decimal places, consistently for each currency. You should only round the exchange rate on the disclosure to the consumer. Any calculations you or your software systems make must use the actual exchange rate.

You may rely on the sender’s representations to determine the currency in which the transfer will be received. If the sender does not know the currency in which funds will be received, you may assume that funds are to be received in the same currency in which the transfer is funded.

#### 5. Transfer amount (in the designated recipient’s currency)

The *transfer amount* must be restated in the currency in which the designated recipient will receive the remittance. This is calculated by applying the disclosed exchange rate to the transfer amount shown in **1**. The purpose of this is to show what the recipient would receive before any back-end fees and taxes charged by other entities are applied.

#### 6. Other fees and taxes (in the designated recipient’s currency)

*Other fees and taxes* include any back-end fees or taxes imposed by someone other than the remittance transfer provider, that will be deducted from the amount transferred by the consumer. These fees and taxes include those charged by an intermediary involved in processing the transfer, or the agent or bank that receives the transfer, as long as they are specifically related to the remittance transfer. These fees and taxes must be broken down into two separate line items, as applicable, and must be disclosed in the currency in which funds are to be received (even if they are applied prior to the conversion). Fees and taxes may be estimated if an exception applies (see Estimates Allowed in Limited Circumstances on page 21, below).

**Implementation Tip:** Understanding the fees and taxes charged by other parties may require some research. Consider:

1. Can you use contracts to limit or learn of the fees that other parties charge?
2. What are the potential sources of fee and tax information? Sources might include agents, foreign currency, correspondent banks, consulting or law firms, or industry associations.
3. How do you want to update and maintain current fee and tax information?
4. How can you feed fee and tax information into your disclosure forms?



Some foreign taxes may depend on characteristics of the designated recipient, where funds will be received, or other variables. If you do not have specific knowledge regarding these variables, you may rely on the sender's representations. If the sender does not know the relevant information, you should disclose the highest tax that could be imposed with respect to any unknown variable.

**7. Total to recipient (in the designated recipient's currency)**

*Total to recipient* shows the amount the designated recipient will receive, in the currency in which funds will be received, after all fees and taxes have been deducted. The exchange rate used to calculate this amount must be the disclosed exchange rate, prior to any rounding. This disclosure helps the consumer determine the total cost of the transaction.

**ii. Receipt (§ 1005.31(b)(2))**

Remittance transfer providers must also give senders a receipt when the sender pays for the remittance transfer. The information to be disclosed is summarized in Figure 1 above, and described in more detail in Table 2 below. Table 2 shows a model receipt (as set out in [Appendix A-31](#) to Regulation E), followed by an explanation of the numbered components.

TABLE 2: [A-31](#) – MODEL FORM FOR RECEIPTS

<b>ABC Company<sup>5</sup></b> 1000 XYZ Avenue Anytown, Anystate 12345	
Today's Date:	March 3, 2013
<b>RECEIPT</b>	
<b>SENDER:</b>	
Pat Jones 100 Anywhere Street Anytown, Anywhere 54321 222-555-1212	
<b>RECIPIENT:<sup>3</sup></b>	
Carlos Gomez 123 Calle XXX Mexico City Mexico	
<b>PICK-UP LOCATION:</b>	
ABC Company 65 Avenida YYY Mexico City Mexico	
Confirmation Code:	ABC 123 DEF 456
Date Available:	March 4, 2013 <sup>2</sup>
Transfer Amount:	\$100.00
Transfer Fees:	+\$7.00
Transfer Taxes:	+\$3.00
Total:	\$110.00 <sup>4</sup>
Exchange Rate:	US\$1.00 = 12.27 MXN
Transfer Amount:	1,227.00 MXN
Other Fees:	-30.00 MXN
Other Taxes:	-10.00 MXN
Total to Recipient:	1,187.00 MXN
<p>You have a right to dispute errors in<sup>4</sup> your transaction. If you think there is an error, contact us within 180 days at 800-123-4567 or <a href="http://www.abccompany.com">www.abccompany.com</a>. You can also contact us for a written explanation of your rights.</p>	
<p>You can cancel for a full refund within 30 minutes of payment, unless the funds have been picked up or deposited.</p>	
<p>For questions or complaints about ABC Company, contact:</p>	
<p>State Regulatory Agency<sup>6</sup> 800-111-2222 <a href="http://www.stateregulatoryagency.gov">www.stateregulatoryagency.gov</a></p>	
<p>Consumer Financial Protection Bureau<sup>6</sup> 855-411-2372 855-729-2372 (TTY/TDD) <a href="http://www.consumerfinance.gov">www.consumerfinance.gov</a></p>	

### 1. Pre-payment disclosure information

The *pre-payment disclosure information* is all the information required to be disclosed in the pre-payment disclosure (see above).

### 2. Date of availability

The *date of availability* shows the date funds will be made available to the recipient. In some instances, it may be difficult to determine the exact date on which a remittance transfer will be available to a designated recipient. You may choose to disclose the latest date on which the funds would be available, and can state that funds “may be available sooner.”

**Implementation Tip:** For certain types of transfers, it may be difficult to know the exact date of availability. Consider what business partners may help you understand the process times for transfers to different countries.

### 3. Recipient’s contact information

The *recipient’s contact information* includes the recipient’s name and, if available, the recipient’s phone number and address.

### 4. Statement of sender’s rights

The *statement of sender’s rights* is an abbreviated statement of a sender’s error resolution and cancellation rights. A model statement is provided in [Appendix A-37](#) to Regulation E. If a sender requests more information about his or her error resolution and cancellation rights, you must promptly give the sender a more complete statement, called a “long-form statement.” A model long-form statement is provided in [Appendix A-36](#) to Regulation E.

### 5. Remittance transfer provider’s contact information

The *remittance transfer provider’s contact information* includes your company’s name, phone number, and, if applicable, website.

### 6. Regulator’s contact information

The *regulator’s contact information* explains that the sender can contact the remittance transfer provider’s regulators with questions or complaints. You must provide the CFPB’s name, website, and phone number so that the consumer is able to submit a complaint to the Bureau. If you are licensed or chartered by a state regulator, you also must provide that regulator’s name, phone number, and website. If you are licensed or chartered in multiple states, you need to provide information for only one state.


## iii. Combined disclosure (§ 1005.31(b)(3))

Instead of providing a separate pre-payment disclosure and receipt, you may give senders a single combined disclosure.

*Timing:* The timing is the same as the pre-payment disclosure: when the sender requests the remittance transfer, but before he or she pays for the transfer.

*Contents:* The contents are the same as in the contents of the receipt, except for the additional proof of payment requirement.

*Proof of payment:* If you provide a combined disclosure, you must also give the sender proof of payment when payment is made. This proof of payment must be clear and conspicuous, retainable, and may be provided in writing or electronically. The rule does not specify any other particular format for the proof of payment—for example, you may feed a combined disclosure through a computer printer when payment is made to add the date and time, confirmation code, and a “paid” stamp.

 **Implementation Tip:** Consider whether you want to provide a pre-payment disclosure and a receipt, or a combined disclosure with proof of payment. The right choice for you depends on your systems and customer expectations.

## iv. Disclosure format (§ 1005.31(a))

The rule sets out requirements for the form and format of disclosures. The same form and format requirements generally apply to the pre-payment disclosure, receipt, and combined disclosure. Modified requirements apply for transactions conducted by phone, mobile application, or text message.

### 1. Form

Disclosures must be clear and conspicuous. Disclosures also generally must be made in writing and in retainable form. The rule permits disclosures to be provided on any size of paper, as long as the disclosures are clear and conspicuous. For example, a disclosure may be provided on a register receipt or on an 8.5” x 11” piece of paper.

The rule sets out specific form and retainability requirements with respect to remittance transfer requests received electronically, as well as remittance transfers conducted over the phone, by mobile application, or by text. See § 1005.31(a) for more details.

### 2. Format

The rule contains format requirements for information required in the disclosures. For example, the rule specifies that certain information required in the pre-payment disclosure must be grouped together and in close proximity to one another. In addition, the text generally must be in at least 8 point font. The required information generally must be segregated from other information provided to the sender. You can rely on the model form to satisfy these formatting requirements. The format requirements can be found in § 1005.31(c).

## v. Language (§ 1005.31(g))

Disclosures must always be made in English. For most transactions, you also must provide the sender disclosures in any foreign languages principally used to advertise, solicit, or market remittance transfer services at an office in which the sender conducts a transfer or asserts an error. Alternatively, you can choose to provide disclosures in the language primarily used by the sender to conduct the remittance transfer or to assert an error. Note that different foreign language requirements apply to transactions conducted by telephone, which are described in § 1005.31(g)(2).

What does this mean in practice? Consider an office where you market remittance transfers in English, Spanish, and Vietnamese, and you help a sender that conducts a transaction entirely in Spanish. Under the first option, you must provide written disclosures in all three languages. Alternatively, you can provide disclosures just in English and Spanish to that sender.

**Implementation Tip:** Printing disclosures in languages that use different character sets may require changes to hardware or software. Consider your printing capabilities and the languages you use to advertise, solicit, or market remittance transfers at your offices.

Circumstances may arise where you may give disclosures solely in English. For example, if the sender uses a language that is not one principally used to advertise, solicit, or market at that office, then you may give disclosures solely in English. Or, if a sender primarily uses English to conduct the remittance transfer, providing disclosures solely in English would be sufficient. Modified requirements apply for transactions conducted by phone, mobile application, or text message.

## II. Estimates allowed in limited circumstances (§ 1005.32)

Generally, all disclosed amounts must be exact. However, there are several exceptions that allow providers to estimate the applicable exchange rate, back-end fees and taxes, and total funds to be received. These exceptions include a temporary exception for insured depository institutions and credit unions, and a permanent exception for transfers to certain countries.<sup>b</sup> These exceptions are limited, so you should make sure the transfer at issue qualifies before you rely on an exception. If estimates are permitted, you generally must use the methods described in the rule for determining estimated amounts.

### i. Temporary exception for insured depository institutions and credit unions

To take advantage of this exception, you must meet the following criteria.

#### 1. Insured depository institution or credit union

You must be an insured depository institution or credit union, or an uninsured U.S. branch or agency of a foreign depository institution.

#### 2. Account-based transfers

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<sup>b</sup> There is also a permanent exception for transfers scheduled before the date of transfer. We discuss these transactions briefly later in this guide.

The remittance transfer must be sent from the sender's account with you.

### 3. Unable to determine exact amounts

You must be unable to determine exact amounts for reasons outside your control. For example, you may not be able to determine the exchange rate if it is set by the designated recipient's institution, and you have no correspondent relationship with that institution. Comment 32(a) provides guidance on other qualifying situations.

### 4. Time Period

This is a temporary exception that will be available for qualified transfers through July 21, 2015. The Dodd-Frank Act permits the exception to be extended for up to five additional years if certain conditions are met. The CFPB expects to assess those conditions and decide whether to extend the deadline several months before it expires in July 2015.

## ii. Permanent exception for transfers to certain countries

### 1. Unable to determine exact amounts

To take advantage of this exception, you must be unable to determine exact amounts due to either (i) the laws of the recipient country or (ii) the method by which transactions are made in the recipient country. The first may occur, for example, if the recipient country prohibits you from setting the exchange rate. The second primarily addresses international ACH transfers where the exchange rate is set based on an agreement between the U.S. and a foreign government, such as the country's central bank.

### 2. Safe harbor countries list

The CFPB has published a safe harbor list of countries that you can rely on unless you have information that it is possible to determine the exact disclosure amounts. If you are sending transfers to any of those countries, you can estimate certain disclosures. The current version of the safe harbor list is available [here](#).

The rule permits providers to make their own determinations that the laws of other recipient countries, not on this list, do not permit a determination of exact amounts. The CFPB welcomes your input on whether it has included the right countries in the list, or about other countries or other areas that you think the CFPB should add to the list. To weigh in, send your feedback and supporting legal authority, in English, through email or mail.

Email to: [CFPB\\_CountriesList@cfpb.gov](mailto:CFPB_CountriesList@cfpb.gov)

Mail to: Office of the Executive Secretary  
Consumer Financial Protection Bureau  
1700 G Street, N.W.  
Washington, D.C. 20552

3. Any provider is eligible for this exception

While the temporary exception is available only to insured institutions, the permanent exception may apply to any provider.

4. Time Period

This exception is permanent, but the countries on CFPB's countries list may change.

### **iii. What can I estimate?**

These exceptions allow estimates of the applicable exchange rate, transfer amount in the designated recipient's currency, other back-end fees and taxes charged by someone other than the remittance transfer provider (where taxes are a percentage of an estimated total to recipient), and the total to recipient. Other information, such as the transfer amount in the sender's currency, front-end fees and taxes, and total amount of the transaction, must always be the exact amounts.

### **iv. How should I calculate estimates?**

If you may disclose estimated amounts, and want to do so, you must calculate the estimates according to one of the specified methods listed out in § 1005.32(c). If you do not use a listed method, you are in compliance so long as the recipient receives the same, or greater, amount of funds than you disclosed.

## **III. Cancellation, refund, and error resolution rights (§§ 1005.33 and 1005.34)**

### **i. What cancellation rights do senders have? (§ 1005.34)**

Except for transfers scheduled before the date of transfer, a sender can cancel a remittance transfer for up to 30 minutes after he or she pays for the transaction, as long as (i) the funds have not yet been picked up or deposited and (ii) the sender provides specified recipient contact information and enough information for you to identify the transaction.

1. Cancellation notice

Senders can request cancellation orally or in writing. These requests can be made with you or your agent.

2. Procedures

You must refund the total amount of the remittance transfer to the sender within three business days of receiving the sender’s cancellation request. This refund must include any fees and, if not prohibited by law, any taxes imposed in connection with the transfer.

## ii. What are your error resolution obligations? (§ 1005.33)

The rule provides consumers with error resolution rights. As illustrated in Figure 2 below, providers have a number of duties throughout the error resolution process. If an error occurs, specific remedies are available to the sender.

**FIGURE 2: ERROR RESOLUTION PROCESS**



1. Compliance policy and recordkeeping (§ 1005.33(g))

You must develop and maintain written policies and procedures designed to ensure compliance with the error resolution requirements of the rule. These written policies and procedures include recordkeeping procedures, which require the retention of at least (i) notices of error submitted by the sender; (ii) documentation provided by the sender with respect to the alleged error; and (iii) any findings from your investigation.

2. What is an error? (§ 1005.33(a))

The rule describes what an error is under the rule. An error means:

- an incorrect amount paid by a sender in connection with the remittance transfer, such as being charged more than the total shown on the receipt;
- a computational or bookkeeping error made by the provider relating to the remittance transfer, such as miscalculating the amount the recipient will receive;



- the failure to make available to a designated recipient the amount of currency disclosed to the sender, unless:
  - the disclosure stated an estimate and the difference results from application of the actual exchange rate, fees, and taxes, rather than any estimated amounts, or
  - the failure resulted from extraordinary circumstances outside the provider’s control that could not have been reasonably anticipated;
- the failure to make funds available by the disclosed date of availability (including the non-delivery of funds), unless the failure resulted from:
  - the extraordinary circumstances noted above;
  - delays due to fraud screenings or BSA, OFAC, or similar laws; or
  - the transfer being made with fraudulent intent by the sender or any person acting in concert with the sender (e.g. “friendly fraud”); or
  - the sender’s request for certain documentation concerning a remittance transfer.

The rule also provides examples of situations that are not considered errors. For example, it is not an error if the sender has instructed you to send rubles but the recipient requests on his or her own to pick up funds in euro.

#### 4. How are error resolution procedures triggered?

Your obligation to investigate an error is triggered when the sender notifies you about the error. This notification generally must:

- be received by you or your agent no later than 180 days after the disclosed date of availability of the transfer;
- give you enough information to identify the sender’s name and contact information, the recipient’s name, and the remittance transfer at issue; and
- indicate why the sender believes an error exists.

**Implementation Tip:** How do you communicate with your business partners? Your investigation obligations are triggered when the sender notifies you or your agent of an error. You should ensure that you have a process in place for your agents or others to promptly forward your error notices. You may need to provide training on new processes to ensure that complaints of errors are recorded and forwarded properly.

## 5. Investigation period

Once you receive notice of an error, you must promptly investigate. You must determine whether an error occurred within 90 days of receiving the notice of error.

## 6. Report results (§ 1005.33(c)(1) and (d))

Within 3 business days of completing your investigation, you must report the results to the sender, including notice of any available remedies.

*If an error occurred:* You can report the results orally or in writing.

*If no error has occurred:* If you determine that no error has occurred, you must give the sender a written explanation of the results of the investigation, and notify the sender that he or she has the right to request any documentation you relied upon in making the determination. You must also provide a written explanation if you determine that an error occurred but the error is of a different type or a different amount than the error that the sender reported.

## 7. What remedies do senders have when there has been an error? (§ 1005.33(c)(2))

The available remedies depend on the type of error.

**Implementation Tip:** The error resolution requirements may trigger a change in risk management procedures. How can you adjust your business processes and systems to manage the risk of errors occurring, and of having to provide refunds and redeliveries? What is the role of your business partners in helping reduce or manage this risk?

*General remedies.* Generally, if an error occurs, the sender has two options: refund or redelivery. The refund would be made of the amount of funds that was not properly transmitted or delivered to the designated recipient. Alternatively, the sender can require redelivery of the amount appropriate to resolve the error at no additional cost to the sender.

The amount appropriate to resolve the error is the specific amount of transferred funds that should have been received, had there been no error. For example, in a dollar-to-dollar transfer, if the provider disclosed that a recipient would receive \$200, but the recipient only received \$150, the sender could choose either a refund of \$50 or could choose to have the \$50 redelivered at no additional cost to the sender.

*Remedies for failure to make funds available by the date of availability.* If this is the error and all the funds have not been picked up yet, the sender can choose to receive a refund of the amount of funds that was not properly delivered to the designated recipient. Alternatively, the sender can request redelivery of the amount appropriate to resolve the error. These funds must be redelivered without additional cost, unless the sender had provided incorrect or insufficient information for the remittance transfer. In that case, third party fees can be imposed for resending the corrected remittance transfer.

Regardless of whether the refund or redelivery remedy is chosen, the provider must also refund any fees and taxes imposed on the initial transfer. This refund remedy also applies if all the funds have been picked up, but were not ready by the disclosed date of availability. This refund includes back-end fees and taxes charged by someone other than the remittance transfer provider (unless a tax refund is prohibited by law). However, if the error was due to the sender's having provided incorrect or insufficient information for the remittance transfer, the fee and tax refund is not required.

#### 8. Period for correcting errors

The provider must correct an error within one business day of receiving the sender's choice of remedy, or as soon as reasonably practical.

#### 9. Example

For example, consider a sender who calls an agent of the provider about a transfer that was completed 100 days ago. During this call, the sender tells the provider's agent that the transfer amount available to the designated recipient was \$50 less than what was disclosed on the receipt. The provider then takes 30 days to complete an investigation of the error, falling within the 90 day investigation period. The provider finds that there was an error, and the transfer amount available to the recipient was, in fact, \$50 short. The provider contacts the sender the next day, falling within the 3 day notification period, and lets the sender know that she can have a refund or can request redelivery of the \$50. The sender requests a refund, and the next day the provider refunds \$50 to the sender. The provider also refunds any fees and, to the extent not prohibited by law, any taxes. The provider has completed its obligations under the error resolution requirements.

## IV. Liability for agents (§ 1005.35)

You are liable for any violation of the rule by an agent or authorized delegate when that party acts on your behalf.

## V. Transfers scheduled before date of transfer (§ 1005.36)

The rule contains special disclosure timing, content, and cancellation requirements for certain transfers scheduled before the date of transfer, including preauthorized remittance transfers. Preauthorized remittance transfers are transfers scheduled in advance to occur recur at regular intervals. Please consult § 1005.36 to learn more about the requirements for these types of transfers.

# 6. Practical compliance issues

You may want to consult with legal counsel or your compliance officer to understand your obligations under the rule, and to devise the policies and procedures you will need to have in place to comply with the rule's disclosure, cancellation, and error resolution requirements.

How you comply with the rule may depend on your business model. When mapping out your compliance plan, you should consider practical implementation issues in addition to understanding your obligations under the rule. Your compliance plan may include:

- Identifying affected products, departments, and staff

Some providers may involve remittance transfers in several different parts of their business. To begin compliance, you may need to identify all affected products, departments, and staff.

- Identifying what business process, operational, and system or technology changes will be necessary for compliance

The new requirements may affect a number of parts of your business systems and processes. For example, marketing or advertising may be affected by the foreign language disclosure requirements, which relate to the languages used to advertise, market, or solicit services at a particular office. The forms and processes you use to communicate with your customers may be affected by the disclosure requirements, as well as the cancellation, refund, and error resolution requirements. The systems and processes you use to send transfers may also be affected. For instance, ensuring that you receive accurate information for disclosures and that you can timely address errors may entail changes in your foreign exchange practices, or your methods of communicating with foreign agents, correspondents, or other business partners.

Fully understanding the changes required may involve a review of your existing business processes, as well as the hardware and software that you, your agents, or other business partners use.

- Identifying key service providers or business partners necessary to obtain and disclose required information, including the applicable exchange rate and any back-end fees and taxes

Foreign exchange providers, software providers, or other vendors and business partners may offer compliance solutions that can assist with any necessary changes. These key partners will depend on your business model. For example, banks and credit unions may find it helpful to talk to their correspondent banks, foreign exchange providers, payment networks or systems, and technology vendors regarding access to disclosure information. Money transmitters may need to talk to their domestic and foreign agents or other business partners, as well as foreign exchange providers, about how to access disclosure information. In some cases, you may need to negotiate revised or new contracts with these parties, or seek a different set of services or equipment. If you need to provide disclosures in foreign languages, you may also need translation services.

If you seek the assistance of vendors or business partners, make sure you understand the extent of the assistance that they provide. For example: if vendors provide information required for disclosures, do they provide all the required information or just part of the required information? To what extent does your vendor assist with cancellation requirements? To what extent does your vendor assist with error resolution, including recordkeeping?

- Identifying training needs

Consider what training will be necessary for your tellers, agents, and other customer service representatives, as well as back office staff that approve, process, and monitor transactions. Training may also be required for other individuals that are your employees, or your agents' or business partners' employees.

# 7. Other resources

## i. Federal Register Notices

The complete rule is contained in three Federal Register Notices available on the Bureau's website at: <http://www.consumerfinance.gov/regulations/final-remittance-rule-amendment-regulation-e/>. The notices are dated February 2, 2012; July 10, 2012; and August 20, 2012. The later notices amend previous ones. In other words, the July notice amends text contained in the February notice, and the August notice includes a further amendment to the text contained in the February notice.

The [February](#), [July](#), and [August](#) notices are also published in the Federal Register.

## ii. Model Forms

Model forms for complying with the rule included in the [February 2012](#) and [July 2012](#) notices, and are also available separately at <http://www.consumerfinance.gov/regulations/final-remittance-rule-amendment-regulation-e/>.

## iii. How to Read the Rule

The Federal Register notices are divided into multiple sections: the Preamble, the Rule Text, and the Official Commentary. Both the rule text and the official commentary will be published in the Code of Federal Regulations at 12 C.F.R. Part 1005, subpart B.

### 1. Preamble

The first section, Supplementary Information, is a preamble to the rule text. It contains an overview of the statute, the rule implementation process, a description of the remittance transfer market, considerations made during the rule-writing process, and a summary of the rule and official commentary. Much of this Supplementary Information section discusses comments submitted during the rule comment period. This section provides insight to the rule, but is not a substitute for the rule.

### 2. Rule text

The second section contains the rule text, which this guide cites from time to time. This text is your authoritative source on what the rule requires. The appendix to the rule text provides model disclosure clauses and forms.

### 3. Official commentary

The third section, titled Supplement I to Part 1005 – Official Interpretations, contains the official commentary to the rule. The commentary interprets the rule text, and is organized according to the sections of the rule. You may find it helpful to refer to the commentary for additional clarification of the rule.