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U.S. Steps into the 21st Century with New Ruling for Electronic Money Transfers Abroad

CFPB Ruling Will Increase Reliability of Money Remittances and Reveal Hidden Fees

WASHINGTON, DC—The National Consumer Law Center applauds the U.S. Consumer Financial Protection Bureau (CFPB) for issuing its first major regulation, [available at http://www.consumerfinance.gov/regulations/final-remittance-rule-amendment-regulation-e/] that will provide protections for remittances sent by consumers to family members in other countries. This is the first major consumer protection rule issued by the Bureau. The new regulations require that the remittance senders will be informed exactly how much money the recipient will receive. More importantly remedies are provided for senders when there are errors or mistakes in the transmittal of remittances.

Consumers in the United States send billions of dollars each year to their relatives overseas. The new regulations will provide—for the first time—clear disclosures and real protections for these remittances. The National Consumer Law Center has worked for over a decade to provide more protections for remittances. This new regulation implements Section 1073 of the Dodd-Frank Financial Reform Act.

"The CFPB's new regulation greatly increases transparency and protections for people sending money abroad," said Margot Saunders, an attorney with the National Consumer Law Center. "Many immigrants send money to loved ones in other countries who depend on that money for food, housing, and other essentials. These regulations will ensure that the real cost of remittances will be transparent and that transfer providers will be held accountable for their errors."

The CFPB regulation requires that information about the actual amount to be received in the foreign country be provided. In most cases, this information is binding on the remittance provider. Senders of remittances will receive a receipt specifying exactly how much is to be received and when the money will be available. For the first time, senders will be able to identify errors or problems if the amount promised is not delivered or if the money is not available on time. Additionally, the new law provides remedies and penalties when the transfer provider fails to keep its promises in sending the remittances. Disclosures must generally be provided when the consumer first requests a transfer and again when payment is made.

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