Congress of the United States
Washington, DC 20515

September 30, 2019

The Honorable Kathleen Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Kraninger,

We write regarding the upcoming expiration of the statutory exception for insured depository institutions that permits them to provide estimated, rather than exact, disclosures for certain transfers that are subject to the Consumer Financial Protection Bureau's (Bureau) remittance rule. We appreciate that the Bureau recognizes the negative consequences for consumers that would result if the exception expires and no additional relief is provided, because many financial institutions would not be able to comply with the rule. We also appreciate that the Bureau has expressed interest in mitigating any negative effects from the expiration of the exception. We believe the Bureau has authority to mitigate these consequences and request that the Bureau take every available step to preserve consumers' access to remittance services.

Remittance transfers are an important tool for consumers to be able to transfer funds to relatives or friends abroad, pay bills or tuition internationally, or engage in other transactions. As you know, insured depository institutions often use an open network payment system to conduct remittance transfers, in which case no single institution necessarily has end-to-end control over the transaction. This also means that when depository institutions serve as remittance transfer providers, they often have no way to determine with any precision some of the fees that may be assessed while the funds are in transit. While banks and credit unions have worked to find ways to provide exact information to consumers regarding the third party fees and exchange rates, it is often difficult– if not, impossible– for depository institutions to know the exact amounts that apply. There are two main methods for banks and credit unions to know the exact fees that apply at the time of the origination of the transaction– the "split and cover" method, which requires a particular technical relationship between the originating bank and beneficiary bank, or sending a "serial" wire with an "OUR" charge code directly to a correspondent bank that also happens to be the beneficiary bank– but neither method works for every type of remittance. Furthermore, depository institutions cannot readily convert all foreign currencies at the time a transfer is conducted, and if the currency exchange takes place after the transfer is initiated, a consumer's financial institution may only be able to estimate the applicable exchange rate.

We believe that allowing insured depository institutions to continue to have the option to estimate the third party fees and exchange rates in remittance transfers is consistent with the Bureau's mission of protecting consumers. Considering that it is virtually impossible for banks

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and credit unions to know the exact costs that apply in some open network transactions, if they are no longer permitted to provide estimates, many institutions would likely discontinue providing remittance services to their customers because they would be unable to comply with the rule. And, even if insured depository institutions do not discontinue all remittances, they are highly likely to eliminate transfers to certain countries or beneficiary banks due to the risk of non-compliance. Not only would this make the marketplace less competitive, it would be a significant loss of choice for consumers. While banks and credit unions make up a relatively small share of overall remittance transfer volume, they are often the only option for consumers seeking to conduct higher value transactions, and depository institutions are responsible for nearly half of the overall value of funds sent using international transfers. Additionally, it does not appear that any significant consumer harm has taken place as a result of the current system of providing estimates.

We respectfully request that the Bureau use its statutory authority under Section 904(a) and (c) or Section 919(c) of the Electronic Fund Transfer Act, or Section 1032 of the Dodd-Frank Act, to allow insured depository institutions to continue providing estimates of third party fees and exchange rates in cases where exact disclosures are not possible. We ask that the Bureau provide any further relief that may be necessary to ensure that consumers do not lose access to remittance services. We also believe that a solution should be permanent, not temporary, so financial institutions are able to make long-term decisions regarding the provision of these services.

Thank you, and we appreciate your attention to this matter.

Sincerely,

Barry Loudermilk
Member of Congress

Ann Wagner
Member of Congress

Bill Posey
Member of Congress

Bill Huizenga
Member of Congress

Scott Tipton
Member of Congress

Roger Williams
Member of Congress

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Alex X. Mooney
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Ted Budd
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