

October 28, 2024

*Submitted via Regulations.gov*

The Honorable Rohit Chopra, Director  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

Re: Support for petition to address hidden and unnecessary fees in International Remittance Transactions, Docket No. CFPB-2024-0040-0001

Dear Director Chopra:

The undersigned organizations, including civil rights groups, consumer advocates, and community based organizations, applaud the Consumer Financial Protection Bureau (CFPB) for treating our recent letter as a petition for regulatory change.<sup>1</sup> We urge the Bureau to take meaningful actions to reduce and eliminate unnecessary fees, or junk fees, in international remittance transactions by highlighting and mandating the two simple disclosures of the “total cost” of the remittance (which must include all fees, and exchange rate margins), as well as the “total amount to be received” (which must be the amount the recipient will receive after *all* fees have been deducted). Strictly regulating and simplifying these key disclosures will provide essential information and important protections to remittance senders. Additionally, we ask that you address the challenges created by broad safe harbors allowed in the current regulations.<sup>2</sup>

Remittance costs are rising, as evidenced in a study by the Financial Health Network in August revealed that remittance fees increased by 8% from 2022 totaling more than \$13 billion per year.<sup>3</sup> Further, the World Bank finds that, “Globally, the average cost of sending \$200 was 6.2% in the fourth quarter of 2022, up slightly from 6% a year ago, and more than twice the Sustainable Development Goal target of 3%, . . .”<sup>4</sup> These increases are contributing to the financial stresses of working-class consumers as evidenced by UnidosUS’s recent survey, which showed that Latinos are concerned about their financial situation with more than 55% of respondents saying that inflation and lack of income were their top economic concerns.<sup>5</sup> We are particularly alarmed by stories we are hearing about recipients of remittances who were charged extraordinarily high surprise fees by their

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<sup>1</sup> <https://www.regulations.gov/document/CFPB-2024-0040-0001>

<sup>2</sup> Reg. E, 12 C.F.R. § 1005.30(f)(2)(i).

<sup>3</sup> Financial Health Network, “FinHealth Spend Report 2024: Record Spending on Credit Services Puts Pressure on Vulnerable Households,” Financial Health Network, August 2024, <https://finhealthnetwork.org/wp-content/uploads/2024/08/FinHealth-Spend-Report-2024-FHN.pdf>

<sup>4</sup> World Bank, *Remittances Remain Resilient but Likely to Slow*, World Bank (June 13, 2023), <https://www.worldbank.org/en/news/press-release/2023/06/13/remittances-remain-resilient-likely-to-slow>.

<sup>5</sup> UnidosUS, “Second Edition of our Latino Banking and Financial Health Survey,” UnidosUS, June 2024, [https://unidosus.org/wpcontent/uploads/2024/06/unidosus\\_opportun\\_bsp\\_latino\\_banking\\_and\\_financial\\_health\\_survey\\_cross\\_tabs.pdf](https://unidosus.org/wpcontent/uploads/2024/06/unidosus_opportun_bsp_latino_banking_and_financial_health_survey_cross_tabs.pdf).

provider. These fees are often not included in disclosures provided to remittance senders transactions due to the exemption for “non-covered third-party fees.”<sup>6</sup>

Remittance senders are frequently immigrants who maintain close ties to their families abroad and to whom they regularly send money. Immigrants and people of color are more likely than other consumers to be targeted for financial predation and are less likely to feel able to fully assert or access legal protections.<sup>7</sup> As a result, many immigrants are more vulnerable to both the inaccuracies, (such as broken promises regarding the amounts remittance recipients will receive) and the predatory practices (such as providers inflating the exchange rate) of those with whom they do business. The CFPB has recognized “many immigrants are driven to high-cost or even predatory service providers who charge exorbitant fees or otherwise engage in exploitative practices.”<sup>8</sup> Further it is often more difficult for immigrants “to assert and enforce their rights as consumers”<sup>9</sup> as many are unaware of their legal rights or where to go if they encounter a problem.

A significant reason for these high costs is the complexity of the information provided to consumers. There are too many variables in the disclosures provided to remittance senders for most consumers to be able to evaluate the relevant factors. As the World Bank stated:

One of the most important factors leading to high remittance prices is a lack of transparency in the market. It is difficult for consumers to compare prices because there are several variables that make up remittance prices....<sup>10</sup>

Ensuring that remittance costs are kept reasonable and low will make a significant difference to many of the world’s poorest people.<sup>11</sup> The World Bank pointed out that addressing the problem of inflated costs would mean “more money remaining in the pockets of migrants and their families, and would have a significant effect on the income levels of remittance families.”<sup>12</sup> And, the Financial

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<sup>6</sup> Reg. E, 12 C.F.R. § 1005.30(h)(2).

<sup>7</sup> Ben Olinsky & Jaryn Fields, *Communities of Color Cannot Afford a Weakened CFPB*, Center for American Progress (Sept. 20, 2023), <https://www.americanprogress.org/article/communities-color-cannot-afford-weakened-cfpb/> (Risky financial practices and predatory products have long ravaged communities of color, leading to a persistent and growing wealth gap.)

<sup>8</sup> Sonia Lin, *Identifying and Addressing the Financial Needs of Immigrants*, Consumer Financial Protection Bureau (June 27, 2022), <https://www.consumerfinance.gov/about-us/blog/identifying-and-addressing-the-financial-needs-of-immigrants/>.

<sup>9</sup> *Id.*

<sup>10</sup> World Bank, “[About Remittance Prices Worldwide](https://www.migrationpolicy.org/article/cheaper-digital-remittances)” (2015); *also see* <https://www.migrationpolicy.org/article/cheaper-digital-remittances> (“Yet despite frequently surpassing official development assistance and foreign direct investment in remittance-receiving countries, these funds can be rather costly to send, especially for low-income migrants who are transferring relatively small amounts of money. Receiving the funds can also be complicated for people in underdeveloped or rural areas, where banks and other formal financial institutions are rare.”)

<sup>11</sup> <https://www.bruegel.org/blog-post/cost-remittances>

<sup>12</sup> *Id.* “The cost to consumers of these remittance transactions is expensive relative to the often low incomes of migrant workers, the amounts sent, and the income of remittance recipients.”

Health Network's analysis shows that remittance users in the US could save billions of dollars if remittances fees were lower and more transparent.

The requirements in the Remittance Rule, issued pursuant to the 2010 EFTA amendments, were intended to foster a robust and transparent market subjecting all "remittance transfer providers," including banks, credit unions, and non-bank money transfer companies, to uniform and meaningful error resolution procedures.<sup>13</sup> However, as described in our recent coalition letter to the CFPB,<sup>14</sup> the current regulations fail to ensure transparent, effective, and full disclosures. Current regulations permit:

- The cost of remittances to be inflated by undisclosed inflated exchange rates;<sup>15</sup>
- The amounts received by recipients to be less than the amount promised to the sender because fees charged by the recipient's provider are not required be disclosed, as they can be characterized as "non-covered third-party fees;"<sup>16</sup> and Remittances provided by a majority of financial institutions are completely exempt from the disclosure and error resolution requirements of the Remittance Rule, leaving the consumers who use those institutions unprotected from the consequences of overcharges and broken promises.<sup>17</sup>

To address these issues, we strongly encourage the Bureau to amend the Remittance Rule as follows:

1. Require **two key numbers** to be prominently disclosed and highlighted by remittance providers which will allow consumers to understand the full cost of the remittance transfer:
  - a. The **total cost of the remittance in a single, upfront amount**. This "total cost" figure must include the amount of money to be sent as the remittance, plus all fees charged by all providers participating in the transaction, including fees charged by the recipient's institution, all taxes charged on both ends of the transaction, and any exchange rate margins, and any other hidden costs or fees.
  - b. The **total amount to be received** by the recipient. This should be the exact amount to be delivered to the recipient in the foreign currency after *all* fees and taxes have been deducted, as well as considering the actual exchange rate that the provider will use for the transaction.

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<sup>13</sup> 77 Fed. Reg. at 6200 (Feb. 7, 2012).

<sup>14</sup> <https://www.regulations.gov/document/CFPB-2024-0040-0001>

<sup>15</sup> 12 C.F.R. § 1005.31(b)(iv), requiring that the provider disclose the exchange rate it is using.

<sup>16</sup> See 12 C.F.R. § 1005.30(h)(2), defining "non-covered third-party fees" as "any fees imposed by the designated recipient's institution for receiving a remittance transfer into an account except if the institution acts as an agent of the remittance transfer provider." See also § 1005.31(b) which describes the required disclosures and does not require the disclosure of "non-covered third-party fees."

<sup>17</sup> 12 C.F.R. § 1005.30(f)(2); see also <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-amendment-to-remittance-transfer-rule/> citing FFIEC Call Report to show that only 316 of the 4,587 banks are subject to the Remittance Rule, which is less than 7%, and only 167 of the 4,702 credit unions, or less than 4%, are subject to the Rule.

2. Eliminate the exception for “non-covered third-party fees” (which are fees charged by the recipients’ providers) that allows these fees to be excluded from the initial remittance disclosures, so that recipients receive less money than promised.
3. Reverse the expanded safe harbors that allow many financial institutions to avoid compliance with the regulations altogether, leaving remittance senders using those providers without any protections.

As we mentioned in our previous letter, we believe these changes would improve transparency in the market, enhance competition, and make remittance transactions safer and less expensive for consumers. A more fair and equitable pricing structure will allow consumers to comparison shop more effectively, encourage a more competitive market among remittance providers, and lower costs across the market for low-income immigrants trying to help their families back home.

Thank you for your attention to this matter. We would be happy to discuss this with your staff at any time. For questions, please contact Margot Saunders of the National Consumer Law Center at [msaunders@nclc.org](mailto:msaunders@nclc.org).

Sincerely,

Americans for Financial Reform Education Fund (AFREF)  
Aspen Institute Latinos & Society  
Blue Future  
Center for Economic Justice  
Center for Responsible Lending  
Consumer Action  
Consumer Federation of America  
Consumer Reports  
Consumers for Auto Reliability and Safety  
Faith in Action National Network  
The Greenlining Institute  
Health Care for America Now (HCAN)  
LatinoProsperity  
National Association for Latino Community Asset Builders (NALCAB)  
National Association of Consumer Advocates  
National CAPACD- National Coalition for Asian Pacific American Community Development  
National Consumer Law Center on behalf of its low-income clients  
National Consumers League  
National Employment Law Project  
UnidosUS  
Wise  
20/20 Vision

Alaska PIRG  
Arkansas Community Organizations  
Center for Economic Integrity, Arizona  
William E. Morris Institute for Justice, Arizona  
CAMEO Network, California  
Consumer Federation of California  
Rise Economy, California  
Public Advocacy for Kids (PAK), District of Columbia  
Tzedek DC  
Georgia Watch  
Hawai'i Community Lending  
Illinois Coalition for Immigrant and Refugee Rights  
Instituto del Progreso Latino, Illinois  
Maine People's Alliance  
New Ventures Maine  
Economic Action, Maryland  
Public Justice Center, Maryland  
Massachusetts Action for Justice  
Economic Empowerment Center DBA Lending Link, Nebraska  
Progressive Leadership Alliance of Nevada  
Communities First Initiative, New Jersey  
New Jersey Alliance for Immigrant Justice  
New Jersey Appleseed Public Interest Law Center  
New Jersey Citizen Action  
New Mexico Fair Lending Coalition  
New Yorkers for Responsible Lending  
WESPAC Foundation, Inc., New York  
Community Service Society of New York  
Fifth Avenue Committee, New York  
North Carolina Justice Center  
Impact Fund, Ohio  
Oregon Consumer Justice  
Oregon Consumer League  
South Carolina Appleseed Legal Justice Center  
Texas Appleseed  
Legal Aid Justice Center, Virginia  
Virginia Citizens Consumer Council  
Virginia Organizing  
Mountain State Justice, Inc., West Virginia

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Professor Mark Budnitz, Georgia State University College of Law  
Professor Scott Maurer, Santa Clara Law