



January 30, 2013

Monica Jackson, Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552

RE: Docket # CFPB -2012-0050/RIN: 3170-AA33

Dear Ms. Jackson:

On behalf of the Credit Union Association of New York, I would like to take this opportunity to comment on the Consumer Financial Protection Bureau's proposed revisions to the international remittance transfer regulations mandated by the Dodd-Frank Act. With further revisions to this proposal, the Bureau can both increase the accuracy and usefulness of disclosures to consumers and reduce the compliance burden imposed on institutions that send 100 or more international remittances annually. Specifically, general disclosures should be permitted in lieu of national taxes and foreign fees in those situations where a credit union makes a good faith but unsuccessful effort to obtain such information. In addition, the Bureau and not individual credit unions is best positioned to collect the information mandated by Section 1073 of the Act.

The Association strongly supports the Bureau's proposal to mandate that institutions sending remittances only be responsible for disclosing taxes to be imposed by a country's national government. In requesting information from our members about this proposal, there was widespread consensus that it is impractical at best to expect credit unions to have access to information about the local taxes to be imposed on their members by foreign localities and to accurately disclose this information for a remittance.

However, even with the elimination of the subnational tax disclosure requirement, it will be difficult for many credit unions to accurately inform members of the taxes to be imposed on a given remittance. This is simply not the type of information gathered by credit unions.

Consequently, where a credit union makes a good faith effort to obtain the necessary national tax information but is unable to do so, the Bureau should allow credit unions and other financial institutions to comply with this part of the regulation by informing members that "additional taxes may be imposed." Such disclosures would put members on notice that there might be additional expenses not reflected in the disclosure statement while avoiding any misconception that the credit union has the ability to either ascertain or estimate taxes imposed by foreign governments.

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1021 WATERVLIET SHAKER RD., ALBANY, NY 12205 P.O. BOX 15118, ALBANY, NY 12212-5118
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The Association is also supportive of efforts by the Bureau to provide credit unions and other financial institutions with guidance on the disclosure of fees that may be imposed by institutions in other countries. This is a particularly troublesome aspect of the existing regulations as many credit unions utilize open networks to facilitate remittance transfers and have no direct contractual relationship with many of the institutions ultimately receiving the transfers. There will be many instances when credit unions, through no fault of their own, will have trouble obtaining the information needed to even estimate foreign fees. For example, one of our credit unions explained that members often request that a remittance be sent to an institution the credit union has had no previous contact with. Furthermore, a credit union has no means of compelling a receiving institution to provide a fee schedule. Finally, many members do not have this information, and even when they do, predicated accurate disclosures on a member's representations may also be problematic.

Consequently, in finalizing these regulations the CFPB should also impose a good faith obligation to disclose fees. In situations where fees cannot be obtained from a reliable source, notwithstanding the good faith efforts of credit unions to obtain fee information, the credit union should be able to provide a general disclosure that additional fees may be imposed rather than mandating that the credit union provide a best estimate. This would save the member from receiving a potentially inflated estimate that bears little relationship to any fee that may actually be imposed by a foreign institution.

Many of the disclosure difficulties in complying with these regulations would be eliminated if the CFPB established a database of international fees and taxes upon which all financial institutions could rely when making the necessary disclosures. Just as credit unions must check the OFAC list before sending out a remittance, they could also check the CFPB's website for tax and fee information. In addition, just as the federal government is in the best position to determine whose remittances should be blocked, the CFPB is also in the best position to obtain the necessary tax and fee information to maximize the usefulness of disclosures. It's one thing for a foreign institution to get a request for fee information from a \$50 million credit union; it is quite another to get that same request from an official representing this country's primary financial regulator.

The Association also generally supports the Bureau's proposed amendment of the regulations to provide that a remittance provider is not in error when funds are sent to the wrong account based on a member's representations. This amendment should be strengthened to indemnify credit unions from all mistakes caused by a member. For example, as currently promulgated a member would not be responsible for the cost of a remittance transfer where a member has provided a credit union with the proper account information but to the wrong financial institution. The Bureau apparently believes that financial institutions are better able to recover funds that have not been credited to a specific account than is a member. But why should a credit union and not its member bear the expense for the cost of a mistakenly sent remittance for

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Which the credit union is not responsible? Furthermore, since credit unions will still have to make a good faith effort to recall remittances, the regulation will still ensure that members have the opportunity to retrieve lost funds.

For those credit unions that have to comply with these new regulations, the remittance transfer rules represent among the most comprehensive new requirements mandated by Dodd Frank. The goal of ensuring that a consumer is fully aware of the costs associated with a given remittance is a worthy one; however, if the requirements are made too detailed, at least some institutions will simply decide that the compliance costs don't justify providing international remittances to their members. The revisions proposed by the Bureau are an important step in the right direction but should be refined even further to provide much-needed flexibility for institutions while ensuring that members receive adequate disclosures.

A handwritten signature in black ink, appearing to read "W. J. Mellin". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

William Mellin
President/CEO
Credit Union Association of New York
William.mellin@cuany.org