



New Remittance Rule Amendment

On May 11th the Consumer Financial Protection Bureau (CFPB) announced several amendments to the Remittance Rule. The Remittance Rule imposes requirements on entities that send international money transfers, or remittance transfers, on behalf of consumers:

- The safe harbor threshold has been increased from 100 to 500 remittance transfers that a financial institution must perform in a calendar year to be subjected to the rule, thus increasing the number of financial institutions who are no longer required to comply with the rule.
- The CFPB has announced two permanent exceptions allowing financial institutions to provide, in some circumstances, estimates of exchange rates and covered third-party fees in their consumer disclosures. In the original rule, these were temporary exceptions that were set to expire on July 21, 2020:
 - A permanent exception permitting financial institutions to estimate the exchange rate for a remittance transfer to a particular country if, among other things, the designated recipient will receive funds in the country's local currency and the financial institution made 1,000 or fewer remittance transfers in the prior calendar year to that country.
 - A permanent exception that will permit financial institutions to estimate covered third-party fees for a remittance transfer to a designated recipient's institution if, among other things, the insured institution made 500 or fewer remittance transfers to that designated recipient's institution in the prior calendar year.

For both exceptions, the CFPB is adopting a transition period for financial institutions that will allow them to continue to provide estimates for a reasonable period of time while they come into compliance with the requirement to provide exact amounts.

Lastly, the CFPB issued a statement on April 10, 2020 announcing that in light of the COVID-19 pandemic, for remittance transfers that occur on or after July 21, 2020 and before January 1, 2021, it does not intend to cite in an examination or initiate an enforcement action in connection with the disclosure of exact third-party fees and exchange rates against any financial institution that will be newly required to disclose these exact fees after the temporary exception expires on July 21, 2020.

The CFPB's executive summary of the amendments to the Remittance Transfer Rule can be found [here](#). The entire amended rule can be found on the CFPB's [website](#). We encourage all financial institutions who provide consumer international money or remittance transfers to familiarize themselves with the details of these amendments.