



Regulatory Changes For International Remittance Transfers

payments international

Summary: If you provide international wires for consumers, you will want to know about the latest regulation modification. We give you the specifics.

The letter "Q" is the only one in the alphabet that is not used in any US state name. We had to double-check that, so if you want to sneak away and check, we understand.

Another thing you'll want to check is if you are still considered a remittance transfer provider, according to the regulations. On May 11, the Consumer Financial Protection Bureau (CFPB) [updated its remittance rules](#) which could affect some community financial institutions. If you currently provide under 100 international remittance transfers (such as wires or international ACHs) per year for consumers, nothing will change. Yet, if you provide over 100 per year and were subject to regulations as a remittance transfer provider, you will want to check if this would still be the case. The updated regulation increases the normal course of business safe harbor threshold for financial institutions (FIs) with Regulation E disclosure requirements from 100 to 500 remittance transfers annually. These changes are effective July 21, 2020.

Another CFPB modification to this rule has to do with estimated exchange rates. FIs will have a permanent exception enabling them to give estimated exchange rates if they are unable to get the actual exchange rate, and they sent 1,000 or fewer remittances in the prior calendar year to a specific country. This is only where the beneficiary receives the remittance in the local currency. For instance, if you sent 900 remittances to the UK and 950 to France, you would still be below the 1,000 for each country and could use an estimated exchange rate.

While this rule exception gives an institution flexibility to use an estimated exchange rate, you may prefer to know the actual exchange rate. It would allow for a better customer experience too when you disclose the actual rate. Allowing a correspondent bank to process these transfers will provide you with the actual exchange rate, whether you are over the 1,000 per year threshold, or simply want to use the actual exchange rate. Furthermore, leveraging a correspondent bank for this would give you more time to support your customers with more complex issues.

Also effective July 21st, FIs will have a permanent exception enabling them to give estimated third-party fees. This is possible if they are unable to get the actual third-party fees, and they sent 500 or fewer remittances in the prior calendar year to a specific bank where the beneficiary has an account. This exception also gives flexibility to the FI which may not easily obtain third-party fees for the wire transfer. However, correspondent banks may be the way to go here too with their ability to structure it with no third-party fees.

Now that you know your options, based on this updated remittance transfer regulation, you will want to review your international remittance activity. With COVID-19, you may have some customers pulling back from international remittances, yet others are looking to send money overseas to keep things going.

After reviewing your activity, if you find you need assistance, we can help. We have been SWIFT members for 10Ys and know the process. We make it easy for you to serve your customers.

INTERNATIONAL SERVICES TO GROW WITH YOUR CUSTOMERS

Capture more customers and increase fee income with our international services. We have you covered for Reg E too. Contact us today [for more information](#).

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