

**Bank Name:** *[Insert Your Bank Name Here, Then Delete This Remark.]*

## Regulation E: International Fund Transfer Error Resolution Worksheet

### Requirements:

- Consumers: Allowed 180 Days To Report Errors.
- Bank: Must Investigate And Make Determination Within 90 Days – Report Results Within Three Business Days After Investigation Completion – Issue Refund Or Redelivery Within One Business Day Upon Error Investigation.

<b>Sender's Name:</b>		
<b>Sender's Contact Information:</b>		
<b>Recipient's Name:</b>		
<b>Recipient's Phone Number:</b>		
<b>Recipient's Address:</b>		
<b>Error Notice Date:</b>		
<b>Availability Disclosure Date:</b>		
<b>Availability Date:</b>		
	<input type="checkbox"/> Error Reported Within 180 Days.	
<b>Transfer Amount</b>	\$	
<b>Amount Received:</b>	\$	
<b>Type Of Funds Error:</b>		
	<input type="checkbox"/> Incorrect Amount	
	<input type="checkbox"/> Computational or Bookkeeper	
	<input type="checkbox"/> Failure to Make Disclosure	
	<input type="checkbox"/> Failure to Make A	
	<input type="checkbox"/> Other:	
	<input type="checkbox"/> Incomplete	
<b>Error Resolution:</b>		

1st National Bank  
1234 Main Street  
Anycity, Anystate 12345

Review Date / Period:  
1/1/2013

Review Performed By:  
Name of Reviewer

### Regulation E: International Fund Transfer Compliance Review

Rule Application		Rule Application	
Rule Application	Answer	"Correct", "Best Practice", or Regulatory Explanation if Necessary	
Is the remittance transfer of electronic transfer of funds more than \$15 requested by a consumer in the US, and sent to people or company(s) in foreign countries, including: Cash-to-cash money transfers, Cash-to-account transfers, International wire transfers, International ACH transactions, and Certain prepaid card transfers?			
Does the bank consistently send 100 or fewer remittance transfers a year?			
Safe Harbor: Did the bank provide 100 or fewer remittance transfers in the previous calendar year, and has the bank provided 100 or fewer remittance transfers in the current calendar year?			
Normal Course of Business / 1005.30f2: Did the bank exceed the 100- transfers in the normal course of business and the rule applies?			
If the bank exceeded the 100- transfer safe harbor in the given year, did the bank come into compliance with the rule within six months.			
When counting to 100, did the bank count all types of remittance transfers covered by the rule together?			
Comments:			
Compliance Date: Was to become effective February 7, 2013. Anticipated effective date likely delayed until late spring.			

# **DRAFT / FINAL [1]: Regulation E: International Fund Transfer**

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**BANK NAME [2]**

*[1: The use of Draft for the preliminary report issued to obtain management response(s) for findings. With the use of Final after management response(s) have been addressed in the report. Simply delete whichever is not applicable at the time.]*

*[2: Your Bank name should appear on every report to indicate clearly that it is your Bank's compliance review. Additionally, your Bank name should appear on every report in the header column to clearly indicate that it is your Bank's compliance review, along with the month and year of the review.]*

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# DRAFT / FINAL [1]: Regulation E: International Fund Transfer Review

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## Purpose of the Review

Consumers in the United States send billions of dollars abroad each year. In 2010, the Dodd-Frank Act expanded the scope of the Electronic Fund Transfer Act's requirements for certain international fund transfers. These transactions are referred to as *remittance transfers*. To implement the Dodd-Frank Act requirements, the Consumer Financial Protection Bureau / CFPB / Bureau issued a new rule that requires banks that provide remittance transfers to give their customers certain disclosures, and establishes cancellation and error resolution procedures.

*All remittance transfer providers were to comply with this rule by February 7, 2013. However, the Bureau announced potential changes to Subpart B of Regulation E, which are expected to be issued in a December proposal to refine three elements of the rule; error resolution, third-party fees / taxes and foreign taxes. The effective date is anticipated to likely be delayed until late spring.*

The transactions covered by the rule are called *remittance transfers*, or *remittances*. Customers may also refer to them by other names, such as *international money transfer* or *international wires*.

A review of the specific areas within the rule was performed by the Compliance Officer / Name [3] during the period of [Review Dates]. [3a]

*[3: Insert the title and name of the individual performing the review.]*

*[3a: Insert the period of Review Dates.]*

## Scope [4]

The scope of the review involved the following:

- A random selection of remittance transfer transactions that qualify as remittance transfers and are sent by people or companies that qualify as remittance transfer providers.
- A review of the Bank's disclosure obligations.
- A review of the Bank's cancellation and error resolution rights.
- A review of the Bank's written policies and procedures, along with recordkeeping procedures to ensure compliance with the error resolution requirements of the rule.
- A review of the Bank's training considerations.

## Methodology [4]

*[4: Include / omit Scope and Methodology items as appropriate.]*

- The Compliance Officer [3] reviewed the random selection of –
  - remittance transfer transactions
  - disclosure obligations
  - cancellation and error resolution rights

Bank Name \_\_\_\_\_

Month \_\_\_\_\_, Year \_\_\_\_\_

- written policies and procedures and
- training considerations using appropriate software and analysis techniques
- The Compliance Officer [3] held discussions with Bank management
- The Compliance Officer [3] produced the report, including priority classifications

### **Form and Content of Report**

The Compliance Officer [3] chose to discuss any findings, comments, and / or recommendations in the following Findings and Comments section. Findings are considered to include violations of the rule. Comments include issues noted relating to procedures, which are not necessarily regulatory violations. At the completion of the review, management received transaction details relating to the findings and / or comments. The Recommendations and Conclusion section of this report contains an overview of the Bank's International Fund Transfers program.

### Qualified Remittance Transfer

Consumers in the United States who send money electronically to consumer or business recipients in foreign countries are sending remittance transfers. There is no cap in the rule on the size of the transfer that may be a remittance transfer, as long as the transaction is at least \$15.

Under Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996, the Bureau issued the *Small Entity Compliance Guide* to help comply with the new remittance regulations. The CFPB anticipates that those entities qualifying as *remittance transfer providers* will have to change processes, software, contracts or other aspect of practices. The businesses that help remittance transfer providers send money abroad, such as software providers, agents in the United States, foreign agents and others, may also have to make changes to their business practices and systems.

Changes related to this rule take careful planning, time or resources to implement. The guide is an aid to help identify and plan for necessary changes. The guide was prepared by the Bureau and summarizes rules adopted. Any entity that sends money internationally for consumers may find the guide helpful.

#### **Remittance Transfer 1005.30e**

A remittance transfer is an electronic transfer of funds requested by a sender to a designated recipient that is sent by a remittance transfer provider. A transaction can be a remittance transfer:

- Whether or not the sender has an account with the remittance transfer provider and
- Whether or not the transfer is an electronic fund transfer under the Electronic Fund Transfer Act

Some examples of transaction that may be remittance transfers are:

- Cash-to-cash transfers
- Cash-to-account transfers
- International wire transfers
- International automated clearing house / ACH transfers and
- Certain prepaid card transactions

However, transfers where a check is mailed abroad generally would not be remittance transfers since they are not electronic transfers.

#### **Sender 1005.30g**

A sender is an individual consumer located in a state who, primarily for personal, family or household purposes, requests that a remittance transfer provider send a remittance transfer to a designated recipient. A transfer requested by a business is not a remittance transfer. So, transfers from sole proprietor accounts are not remittance transfers.

Whether a consumer is in a state depends on whether or not the transfer is made from an account:

# PowerPoint Training for International Fund Transfers

## International Fund Transfer Small Entity – Bank Compliance Guide



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## Introduction



- Dodd-Frank Act / DFA expanded scope of Electronic Fund Transfer Act's / EFTA's requirements for certain international funds transfers.
- Consumer Financial Protection Bureau / CFPB /Bureau implementing DFA requirements by issuing new rule requiring remittance transfer providers providing remittance transfers to give customers:

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## Introduction



- Certain Disclosures, and
- Establishes Cancellation and Error Resolution Procedures.
  - Compliance Date: Initial - February 7, 2013 / Upcoming proposal to extend to late spring.
  - Remittance Transfers: Transactions covered by rule are called *remittance transfers* or *remittances*. Your customers may refer to them as *international money transfers* or *international wires*.

3

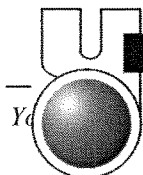
## Purpose of Guide



- Easy-to-Use Summary
- Highlights issues helpful for implementation of rule, such as changes to:
  - Processes
  - Software
  - Contracts or
  - Other aspects of practices

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# **Internal Fund Transfer Small Entity Bank Compliance Guide**



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# Unit 1:

## INTRODUCTION

Consumers in the United States send billions of dollars abroad each year. In 2010, the Dodd-Frank Act / DFA expanded the scope of the Electronic Fund Transfer Act's / EFTA's requirements for certain international fund transfers. These transactions are referred to as remittance transfers. To implement the DFA requirements, the Consumer Financial Protection Bureau / CFPB / Bureau issued a new rule that requires remittance transfer providers that provide remittance transfers to give their customers certain disclosures and establishes cancellation and error resolution procedures.

All remittance transfer providers must comply with this rule by **February 7, 2013**. However, the Bureau announced potential changes to Subpart B of Regulation E, which are expected to be issued in a December proposal to refine three elements of the rule: error resolution, third-party fees, taxes and foreign taxes. The effective date is anticipated to likely be delayed until late spring.

The transactions covered by the rule are called remittance transfers or remittances. Your customers might also refer to them by other names, such as international money transfers or international wires.

## PURPOSE

The purpose of this guide is to provide an easy-to-use summary of the remittance transfer rule. This guide also highlights issues that the bank might find helpful to consider when implementing the rule.

The Bureau anticipates that banks that qualify as remittance transfer providers will have to make some changes to their processes, software, contracts, or other aspects of their practices. Businesses that help remittance transfer providers send money abroad, such as software providers, agents in the US, foreign agents, and others might also have to make changes to their business practices and systems.

Changes related to this rule may take careful planning, time, or resources to implement. This guide will help you identify and plan for any necessary changes.

This guide summarizes rules adopted by the Bureau.

## **GUIDANCE**

This guide will help you determine whether the transfers you send are regulated by this rule and, if so, what your compliance obligations are. It discusses exceptions that might apply to you, including a temporary exception to use estimates in your disclosures. This guide will also be helpful to agents, software providers, and other companies that serve as partners to remittance transfer providers.

## **SUMMARY**

Remittance transfers are electronic transfers of funds that are more than \$15 requested by consumers in the US, and sent to people or companies in foreign countries. These transfers include many types of international transfers, including:

- Cash-to-cash money transfers
- International wire transfers
- International ACH transaction and
- Certain prepaid card transfers

Banks that consistently send 100 or fewer remittance transfers a year do not qualify as remittance transfer providers and are not governed by the rule.

## **DISCLOSURE OBLIGATION**

The rule generally requires the bank to give two disclosures to consumers. Amounts disclosed must be exact, although in limited cases, the bank can estimate certain amounts. The disclosures must be provided in English, and sometimes in other languages.

The first disclosure, known as a pre-payment disclosure, is given to the consumer before the remittance transfer is paid for. This disclosure must list the:

- Amount of money to be transferred
- Exchange rate
- Fees and taxes and
- Amount of money the recipient will receive

Providing this disclosure does not commit the consumer to complete the transaction.

## **REGULATION E: INTERNATIONAL REMITTANCE TRANSFER POLICY [1-A]**

*[1-A: This policy contains the guidance if your bank is a Remittance Transfer Provider and conducts more than 100 transactions per year.]*

### **BANK NAME [1-B]**

*[1-B: Your Bank name should appear on every policy to indicate clearly that it is your Bank's statement of policy, not a generic policy that purports to fit every bank.]*

### **OVERVIEW**

The Bureau published this final rule in 2012 to implement section 1073 of the Dodd-Frank Wall Street Reform and Consumer Protection Act / Dodd-Frank Act. This section created a comprehensive new system of consumer protections for remittance transfers sent by consumers in the United States to individuals and businesses in foreign countries. The systems required by this regulation are intended to significantly improve the predictability of remittance transfers, as well as provide consumers with better information for comparison shopping.

Because the statute defines *remittance transfers* broadly, most electronic transfers of funds sent by consumers in the United States to recipients in other countries will be subject to the protections.

### **SCOPE**

Consumers can transfer funds to recipients in foreign countries through depository institutions generally using the following four methods:

- Wire transfers
- Automated clearing house / ACH transactions.
- Bill payment systems.
- Prepaid Cards

### **REMITTANCE TRANSFER – WIRE TRANSFERS [2]**

*[2: There are several possible scenarios which your bank may choose to use for remittance transfers via wire transfer. We are providing four potential scenarios that banks most commonly would choose. Review all scenarios, and then choose the one that is closest to what you have decided to do, and make any modifications that may be necessary, including removing unnecessary headings and the other scenarios.]*

*Scenario 1 - In this scenario, the bank has determined that it will be placing consumer international wires through a closed end system. The best example of this would be to become an agent for a closed end system such as Western Union. In this case, the following language may be appropriate.*

Our bank has chosen to establish an agency relationship with another provider of wire transfer services that offers a closed end system of delivery ([3] *name of provider here*). Our bank will collect all required information, deliver all appropriate disclosures, and collect the amount of money necessary to complete the transaction. Should an error be asserted, we will give our wire transfer provider the error assertion information promptly to assist in the process of addressing any error related issues.

*Scenario 2 - In this scenario, the bank has determined that it will be placing its own international wires through the normal open end wire transfer system. In this case, the following language may be appropriate.*

Our bank has chosen to provide consumer international wires through our normal open end wire transfer system. Our bank will collect all required information, deliver all appropriate disclosures, and collect the amount of money necessary to complete the transaction. Should an error be asserted, we will collect all information and process the error through our systems, as provided for later in this policy. Other issues regarding wire transfers are discussed later in this policy.

*Scenario 3 - In this scenario, the bank has determined that it will be placing consumer international wires through an open end system. The best example of this would be to become an agent for an open end system provider such as a correspondent bank or banker's bank. In this case, the following language may be appropriate.*

Our bank has chosen to establish an agency relationship with another provider of wire transfer services that offers an open end system of delivery ([4] *name of provider here*). Our bank will collect all required information, deliver all appropriate disclosures, and collect the amount of money necessary to complete the transaction. Should an error be asserted, we will give our wire transfer provider the error assertion information promptly to assist in the process of addressing any error related issues.

*Scenario 4 - In this scenario, the bank has determined that it will not be providing placing consumer international wires in any form. In this case, the following language may be appropriate.*

Our bank has chosen to not provide any consumer wire transfer services, either directly or through an agency relationship. All consumers who wish to send a consumer international wire will be told that this service is not available at our institution.

## REMITTANCE TRANSFER – INTERNATIONAL ACH [5]

*[5: Banks generally will fall in one of three categories on the subject of consumer originated ACH. Either the bank will not permit ACH origination by consumers at all, will permit unlimited ACH origination by consumers, or the bank will permit domestic ACH origination by consumers, but will not permit international ACH by consumers. The following three paragraphs offer proposed language for each of these three scenarios. Find the paragraph that most closely aligns with your decision regarding this issue and make appropriate changes as necessary. Delete the other two paragraphs.]*

Our bank does not permit ACH origination by consumers. Therefore, this method of remittance transfer is not available to our consumer customers.

Our bank permits ACH origination by consumers, including international ACH. We will comply fully with all the requirements of the regulation. We will collect all required information, deliver all appropriate disclosures, and assure that the ACH amount is sufficient to complete the transaction. Should an error be asserted, we will collect all information and process the error through our systems, as provided for later in this policy.

Our bank permits ACH origination by consumers, but will not permit international ACH transactions. Therefore, this method of remittance transfer is not available to our consumer customers.

## REMITTANCE TRANSFER – BILL PAYMENT SYSTEMS [6]

*[6: Banks generally will fall in one of three categories on the subject of bill payment systems. Either the bank does not offer bill payment, will permit unlimited bill payment origination by consumers, or the bank will only permit domestic bill payment origination by consumers. The following three paragraphs offer proposed language for each of these three scenarios. Find the paragraph that most closely aligns with your decision regarding this issue and make appropriate changes as necessary. Delete the other two paragraphs.]*

Our bank does not offer bill payment services for consumers. Therefore, this method of remittance transfer is not available to our consumer customers.

Our bank permits bill payment origination by consumers, including international transactions. We will comply fully with all the requirements of the regulation. We will collect all required information, deliver all appropriate disclosures, and assure that the bill payment amount is sufficient to complete the transaction. Should an error be asserted, we will collect all