

March 2, 2010

Senator Christopher Dodd
Chairman
Committee on Banking, Housing & Urban Development
U.S. Senate
Washington, D.C.

Re: Senator Akaka's Amendment Regulating Remittance Transfers

Dear Chairman Dodd:

The undersigned anti-poverty, consumer and civil rights organizations write this letter to heartily endorsed Senator Akaka's amendment to the Consumer Financial Protection Agency bill to regulate remittance transfers. The amendment – modeled after Senator Sarbanes SB 31 from the 109th the Congress – provides vital consumer protections for the millions of dollars of remittance transfers made yearly by immigrants to the United States.

Tens of billions of U.S. dollars are sent every year by American residents to their relatives overseas. Generally American residents send substantial portions of their incomes as remittances, as these funds are provided to relatives whose situations are more dire than their own.

Currently, the largest remittance market in the world is Mexico. In 2009, immigrants from Mexico sent over \$17.3 billion home, and spent an estimated \$948 million in fees and other costs getting it there. As the volume of remittance transactions has increased, the number of companies offering money transfer services between the United States and Mexico has mushroomed from a couple of dozen to more than 150 today

While many remittance transfers flow between financial institutions without issues, there have been far too many instances of serious problems with remittances. These problems range from the remittance not reaching its intended recipient, to overcharging remittance fees and exchange rates. Remittances are currently unregulated under federal law and state laws provide little oversight.

Senator Akaka's provision will address all of the issues with a simple amendment to the Electronic Fund Transfer Act. The amendment will require simple disclosures of the cost of the remittances at several junctures in these transactions:

- In a storefront, the currency received abroad when \$100 and \$200 is remitted will be prominently displayed for those three countries to which the provider sends most remittances.
- Before the remittance the sender will be provided a simple disclosure of the amount of foreign currency which will be received when the sender provides the proposed amount of U.S. money.

- Immediately after the sender pays the remittance transfer provider, the sender be provided a receipt describing the amount to be received in foreign currency in exchange for the U.S. dollars paid by the sender.

In addition, the bill establishes error resolution rights for senders, as well as required responses from remittance transfer providers when there has been a complaint about a remittance. The bill provides that a sender has 180 days to request the resolution of an error related to a remittance.

The entire remittance transfer amendment is fitted within the pre-existing Electronic Funds Transfer Act. As such the new protections for remittances will fit within the pre-existing remedies and regulatory structures of that longstanding consumer protection law.

We heartily endorse this amendment providing essential consumer protections for remittance transfers abroad. Thank you for your support.

Sincerely,

Margot Saunders

On behalf of the low income clients of the **National Consumer Law Center**

Janice Bowdler

National Council of LaRaza

Travis Plunkett

Consumer Federation of America

Ed Mierzwinski

U.S. Public Interest Research Groups

Linda Sherry

Consumer Action

Ira Rheingold

National Association of Consumer Advocates

cc. Senator Daniel Akaka
Senator Robert Menendez