

July 22, 2011

Jennifer J. Johnson  
Secretary of the Board  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

**RE: Docket No. R-1419 and RIN 7100-AD76**

Dear Ms. Johnson,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the Federal Reserves proposal to institute remittance transfer rules.

As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 149 credit unions that have nearly 1.9 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

GCUL commends the Agency's efforts to improve the remittance transfer process for the protection of consumers and for the chance to provide feedback on the impact we believe these new rules will have on credit unions and their ability to offer remittance services to members. There are several areas of concern outlined below and items we would like to see further clarification on when the final rules are issued.

**Disclosure prior to receiving funds**

We believe there are limitations within the current system that do not allow for an accurate determination of fees and taxes associated with transactions once the remittance has traveled through appropriate channels to its final destination. Unless updates are made to the wire transfer networks, these fees will be difficult to determine and may cause credit unions to increase remittance fees on their end in order to compensate for and cover these costs. The same holds true for the currency exchange rates, unless our current system can account for timely exchange rates, credit unions will be left to try and determine an estimated rate and this rate could drastically change by the time the remittance arrives.

We ask you to reconsider the requirement to provide the pre-payment disclosure in writing and instead ask for the rules to reflect the process of current remittance transfer providers like MoneyGram where the sender is informed by a percentage on a rate board and is informed by the employee performing the transaction of the actual fee. This disclosure is more than adequate to make an informed decision regarding whether to use the service or not.

MoneyGram also provides currency conversion along with a disclaimer that the amount could change by the time it is received in the foreign country. Although we believe it is an unrealistic request to expect credit unions, through SWIFT, Fedwire, and international ACH systems to obtain the currency rate, if it is determined that this requirement is necessary please consider an “estimation” determined by current market conditions with no liability upon the credit union for fluctuations that are beyond our control.

Estimating the date of availability instead of stating the date of availability is more practical for our type of situation and so we support the addition of language mentioned in the proposal that discloses, “May be available earlier”. Fees, taxes, currency exchange rate requirements and expected funds availability dates are more realistic to entities like MoneyGram who have control over both ends of the transaction.

In addition, we would also like to see transactions exempted from the disclosure requirements where the remittance is both sent and received in U.S. currency. Example: Online bill pay that might be sent to a foreign address but the instrument is received in U.S. dollars where no currency conversion occurs before recipient receives payment.

### **Error Resolution**

With regard to error resolution, we feel that the error resolution rights should be restricted to errors due to the actions of the financial institution or limited fraud situations. We do not feel an error made by the consumer should provide the same recourse. Due to the nature of foreign transactions, the credit union may have limited, if any, ability to recoup funds sent and should not be asked to incur loss due to actions of the member. Error resolution requirements should explicitly exempt international wires due to the immediate nature of the payment. To extend liability for errors beyond the control of a provider would have an effect on the willingness of the provider to continue to offer remittance transfer services, which would in turn limit the number of providers in the market place and reduce competition. It could also significantly affect fees charged by credit unions in an effort to mitigate the risk of loss due to offering this type of service.

## **Cancellations**

If consumers are allowed an entire business day to cancel a remittance with full refund then credit unions will be inclined to hold these transfers until that time passes. The credit union will still incur staff costs and most likely other costs associated with the transfer that they cannot be expected to absorb in every instance. We recommend shortening this time frame significantly and instituting a stop-payment fee of at least \$45. At a minimum, credit unions should be able to collect reasonable fees to cover the costs of backing this payment out of the system.

## **ACH Transactions**

We would like to see the rule explicitly exempt ACH transactions where the remittance is sent to a financial institution with a US/Federal Reserve routing and transit number. For example, U.S. credit union member sends an ACH to a domestic routing and transit number but the funds are placed into an account for purposes of a prepaid card which is intended for foreign use. The U.S. credit union would have no knowledge of the foreign nature of the transaction and should not be required to make the disclosures because they are sending a domestic ACH transaction.

If these rules are adopted as proposed we believe that a credit unions ability to offer remittance transfers will be drastically affected and do not believe this to be the intent of the rules. We urge you to take the opportunity to study the impact and perhaps direct change at the current wire transfer networks and not at credit unions that have very limited ability to affect the open system. This will also create more risk for our members if credit unions stop offering this service or charge large fees for transfers. Reason being, they will now need to pull cash from their accounts and travel to a money transmitter, like Moneygram, to send the funds. There is comfort in knowing that they can send directly from their account here in the U.S. to their other accounts abroad and to family members without having to transport the cash themselves. There is also safety for the family on the receiving end since funds may go straight into their account instead of them having to travel to a location to obtain the cash and then transport to their local financial institution. Here in the U.S. money transmitters are very convenient, in most foreign countries they are few and far between so account to account transfers serve more of a purpose of safety than just convenience and immediate access.

GCUA appreciates to opportunity to present comments on behalf of Georgia's credit unions. Thank you for your consideration. If you have questions about our comments, please contact Cindy Connelly or me at (770) 476-9625.

Respectfully submitted,

*Cindy Turner*

Cindy Turner  
Vice President/Compliance Services  
Georgia Credit Union League