

Summary of Findings:
Design and Testing of
Remittance Disclosures

April 20, 2011

Submitted to:
Board of Governors of the
Federal Reserve System

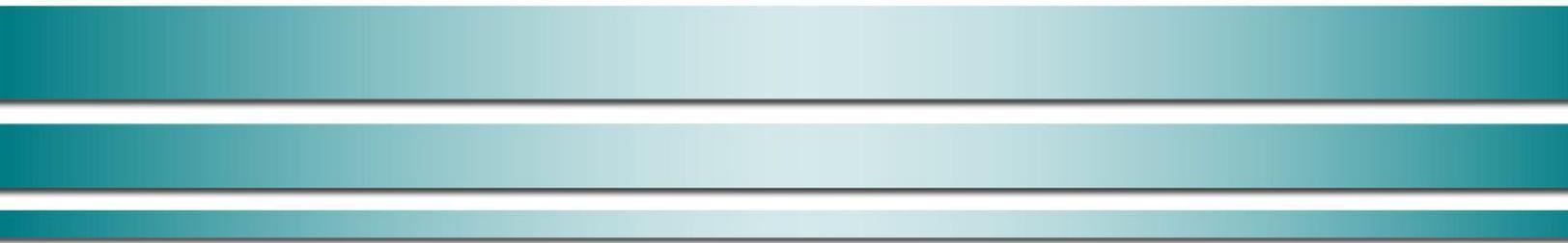
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EXECUTIVE SUMMARY

Background and Description of Project

In July 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). Section 1073 of the Dodd-Frank Act requires the Board of Governors of the Federal Reserve System (“the Board”) to develop and implement new disclosure regulations for remittance transfer providers. Beginning July 21, 2011, the Consumer Financial Protection Bureau (“CFPB”) will assume this responsibility. Until the transfer of these responsibilities to the CFPB, the Board is responsible for developing these new regulations, as well as model disclosures that illustrate how the required information can best be provided to consumers. The primary goal of these new disclosures is to ensure that consumers who send remittances are aware of the full costs that they are paying to send money to other countries.

In November 2010, the Board contracted with ICF Macro, an ICF International company, to assist it with this effort. ICF Macro is a research and evaluation company with expertise in the design and cognitive testing of effective consumer communication materials. In recent years, ICF Macro has also worked closely with the Board on its reviews of disclosures related to credit cards, mortgages, overdraft protection, and funds availability.

The findings from this work informed the Board’s proposed disclosure regulations for remittance transfer providers, which are expected to be published for public comment in spring 2011. The revised disclosure forms that were developed and refined through the testing will be used as a basis for the model forms included with the proposal.

Methodology

The research for this project consisted of three phases. In the first phase, ICF Macro conducted three exploratory focus groups with consumers in Bethesda, Maryland and three in Los Angeles, California to learn about how they make decisions related to remittances and what information is useful to them in this context. ICF Macro and Board staff worked collaboratively to design a protocol that would gather information about the factors consumers consider when choosing a remittance transfer provider, what information they receive from providers before and after their transaction, the utility of information provided prior to completing a transaction or on a storefront posting or on the internet, and their experience dealing with errors in remittance transactions. In each location, two of the focus groups were conducted in English, while the other was conducted in Spanish. The research protocol was the same for the English- and Spanish-language groups.

In the second phase of the project, information designers at ICF Macro drew from focus group findings to develop disclosure forms consistent with the requirements of the Dodd-Frank Act. Four types of disclosure forms were designed to be used for cognitive testing with consumers: a pre-transaction disclosure, post-transaction disclosure, combined pre/post-transaction disclosure, and notification of confirmation code. These disclosure forms were modified after each set of cognitive interviews.

In the final phase of this project, ICF Macro conducted in-depth cognitive interviews with consumers in New York, New York; Atlanta, Georgia; and Bethesda, Maryland. ICF Macro and Board staff worked collaboratively to develop a protocol that would test participants' understanding of and reactions to the timing and content of the disclosure forms. The forms were presented in the context of scenarios in which the participant requested a remittance transfer and received disclosures. In order to avoid order effects, the interviewer alternated the order in which scenarios were presented. Following each round of testing, the disclosure forms were refined to reflect findings from the interviews.

Participants for the focus groups and interviews were recruited by telephone using structured screening instruments developed collaboratively by ICF Macro and Board staff. The screening instruments were designed to ensure the recruitment of participants with a range of ages, education levels, amount of time lived in the United States, and geographic region to which money is sent. For the interviews, an item was also added to ensure the recruitment of participants whose primary language was not English.

Summary of Key Findings

Phase I: Exploratory Focus Groups

How Participants Choose Remittance Transfer Providers

- The most important factors to participants when choosing a remittance transfer provider were the amount of fees charged, the convenience of locations for the recipient, and the convenience of locations for the sender. Some participants said that these factors could vary depending on the situation. For example, a low fee might be the most important consideration when sending routine remittances, but speed and reliability were more important when sending money for emergencies.
- Most participants said they were satisfied with their experience sending remittances and typically use the same provider every time they send money. Some participants commented that using the same provider resulted in conveniences that were more important to them than receiving a slightly better exchange rate or fee elsewhere.
- A few participants said they routinely compared providers, usually by looking for the most favorable fees. Some of those who routinely sent money in local currency said they compared exchange rates.

Information Received from Providers Before and After In-Person Transactions

- Most participants said that when they get their receipt they review the recipient's name, the location to which the money is being sent, and the amount of money the recipient will receive. Most participants said that they did not carefully read any other information on the receipt, although a few participants said they reviewed other information as well.
- Most participants said they keep their transaction receipt until they know the recipient has received the money. A few participants said they save their receipts for a longer period of time for their own records.

- Most participants said they did not get any written information before completing an in-person remittance transaction, but could get information such as fees and exchange rates orally, if they asked an agent.

Information Received from Providers Before and After Online Transactions

- In contrast to what was said by those participants who make in-person transactions, those who send money online get a great deal of specific information before completing the transaction, including: fees, exchange rate, when the funds will be available, and the amount of money that will be available to the recipient. These participants believed that this information was an exact quote (not an estimate) but that it would only be guaranteed accurate for that specific transaction. Most participants said they were also given this information after the transaction through a confirmation screen and/or via email.
- Participants who send money online generally keep a record of their transactions for longer than those who send money in person. Most of these participants either said they save the receipts they get in their email or that the website they use to send the money keeps a history of their transactions.

Reactions to the Idea of Receiving Pre-Transaction Information

- Most participants indicated that it would be useful to receive some information prior to completing the transaction, specifically: the amount to be received, fees associated with the transaction (including any to be paid by the recipient), how fees are determined, exchange rate, and date of availability.
- Participants were divided as to whether they thought pre-transaction information should be given on paper, orally, or on a screen. Approximately half of the participants wanted the information on paper. Most of these participants felt it would serve as proof of what they were told if they subsequently had a problem. A few participants said that information on paper would facilitate making comparisons between providers. Those participants who did not want pre-transaction information to be provided on paper felt that it would unnecessarily complicate a simple process, was unnecessary for anyone familiar with the process of sending money, and opened up the possibility that if they received too many papers they might confuse the papers and accidentally discard the one with their confirmation code (which is necessary for the recipient to pick up the money).

Reactions to the Idea of Posting Information on a Storefront or Online

- When asked about the usefulness of a storefront posting that showed how much a recipient would receive in local currency if \$100 were sent, most participants responded by highlighting limitations of such a posting. They felt that providing comprehensive information on a storefront posting would be difficult, given that most providers send money to multiple countries with different exchange rates and that transfer fees could vary based on multiple factors (such as the speed with at the money was sent). Participants were also skeptical that providers would be able to keep exchange rate information up-to-date on a storefront posting.

- There were several participants who did think such a storefront posting could be useful to them. A few participants thought it could serve as a reference point for comparing providers, and that reviewing a posting would be more convenient than waiting in line to get the information. Some other participants said they might use the storefront posting to determine *when* to send a remittance based on fluctuations in the exchange rate, but not to compare different providers.
- Some participants suggested that a simpler posting that disclosed transfer fees would be more useful. However, others felt that even a posting that focused specifically on fees could be very complex because of the multiple reasons that fees can vary.
- Most participants said that unless the information shown on the storefront posting was dramatically different from what they expected, they would follow through with their intended transaction.
- Participants who send money online said that the provider typically gives them a real-time exact quote that is specific to the transaction they intend to make. Therefore, these participants said that an online disclosure containing information similar to that of the hypothetical storefront posting would not be useful.

Dealing with Errors or Problems

- Most participants reported experiencing problems with at least one remittance transaction in the past. In the vast majority of cases, participants said their problems had been resolved fairly quickly, and that the recipient had eventually received the money. The most common problem was that the agent or sender had spelled the recipient's name incorrectly, and that as a result, the recipient had difficulty picking up the money. A few participants mentioned experiences in which the recipient had been charged unexpected taxes or fees, or frustration due to delays in the availability of the funds when the money was time-sensitive and critical (such as for a hospital bill).
- Only two participants described situations in which they felt the provider had not satisfactorily resolved an error. One participant said that the provider had lost his money, and as a result, the participant no longer used that provider. The other participant felt that she had been overcharged by her provider; it was unclear whether she still used that provider. A few other participants also said they had changed providers because they were unhappy with the error resolution process, even though the problem was resolved in the end.
- Most participants indicated that they were aware that their receipt contained information about what to do in the case of an error. However, most participants also said they had never read this information. In the event of an error, most participants either contacted the provider by phone or went back to the location where they sent the money.

Phase II: Development of Disclosure Forms

Four types of disclosure forms were developed for testing:

- **Pre-Transaction Disclosure:** This disclosure (referred to as the “P” form) would be given to consumers before they paid for the transaction. This disclosure included the phrase “not a receipt” at the top of the document, as well as the transfer amount, transfer taxes and fees, the total transaction amount (i.e., the total amount paid by the sender to the transfer provider), the exchange rate, the transfer amount expressed in local currency, other taxes and fees, and the total amount of money (in local currency) that would be available to the recipient.
- **Post-Transaction Disclosure:** This disclosure (referred to as the “T” form¹) would be given to consumers after they completed the transaction. It included the word “receipt” at the top of the document, as well as all of the information provided in the P form. In addition, it provided the name, address, and phone number of the sender; the name and address of the recipient; the address of the location where the recipient would pick up the funds; the date the funds would be available; the confirmation code; a statement about the sender’s error resolution rights; and contact information for the money transfer provider, the state regulatory agency, and the Consumer Financial Protection Bureau. In later rounds, a statement about the sender’s cancellation rights was added.
- **Combined Pre/Post-Transaction Disclosure:** This disclosure (referred to as the “CP” form) combined the timing of the P form (i.e., pre-transaction) with the content of the T form. It originally included the phrase “not a receipt” at the top (like the P form), although this phrase was removed in later rounds.
- **Notification of Confirmation Code:** This form (referred to as the “C” form) would be given to consumers after they completed the transaction. It was a smaller piece of paper than the other forms, and contained only the confirmation code that would be associated with that transaction.

Phase III: Testing of Disclosure Forms

Comprehension of Disclosure Forms

- Across the three rounds of testing, nearly all participants understood the information presented in the disclosure forms, including: the date the funds would be available, transfer fee, transfer amount, total transaction, exchange rate, and the total amount that would be available to the recipient in local currency. A few participants misinterpreted the “other fees and taxes” shown on the form to be the transfer fee converted to local currency, rather than a separate charge on the receiving end of the transfer.
- When shown disclosures that indicated that fees or exchange rates were “estimated,” all participants understood this meant that the actual amounts might be different from those

¹ An alternate version of the T form (referred to as the “ET” form) was also developed. The ET form was identical to the T form except that it included wording that would be used if a provider were unable to provide exact terms for a transaction. The ET form was not shown to participants as part of a scenario, but was used to test their comprehension of the revised text.

shown. Most participants believed that the provider might show estimated terms because they could vary based on fluctuations in the exchange rate.

- In Round 1 of testing, one of the disclosures shown to participants indicated that funds would be available “on or before” a given date. This was intended to convey that the funds would definitely be made available by the given date, and might be made available before that date. Nearly half of the participants incorrectly interpreted this to mean that the funds would be available any time between the day of the transaction and the given date, but not after that date. For Round 2, this phrase was changed to “available by.” However, nearly all participants misinterpreted this to mean that the funds would be available on or after the given date, but not before. For Round 3, this phrase was changed to “date available,” and the phrase “(may be available sooner)” was added. All participants correctly understood this to mean that the funds would definitely be available on or after the date given, and that they also might be available before. Therefore, the wording from Round 3 was used in the Board’s proposed model forms.

Timing of Information

- Across all three rounds of testing, most participants said that getting information prior to completing the transaction could be useful in that it would give consumers the opportunity to review or confirm information before sending the money. A few participants suggested pre-transaction information could also be used to determine the amount of money that should be sent to ensure the recipient received a certain amount of local currency. However, some participants said they did not understand why they would get a pre-transaction disclosure with this information, when the exact same information was given on the post-transaction disclosure.
- Most participants did not have a strong preference for how pre-transaction information should be presented. A few participants felt that it would be best to provide this information on paper because it (a) would be easier for senders for whom English is not the primary language they speak, (b) could serve as proof of what consumers were told, or (c) that it would be more helpful to those unfamiliar with the process. Some other participants felt that providing this information on paper was wasteful and that it could be communicated orally or on a screen.
- In the first round of testing, two scenarios were described to participants. In the first scenario, they received the P form before the transaction and the T form after the transaction was complete. In the second scenario, they received the CP form before the transaction and the C form after the transaction was complete. Only two participants said they preferred the CP scenario. These two participants liked that there was so little information on the post-transaction disclosure. One felt it protected the sender from identity theft, while the other believed it protected the transaction from theft. The other eight participants preferred the P/T scenario—either because they liked that one piece of paper contained all of the information, or because they felt the T form could serve as proof that the transaction occurred whereas the C form could not. Because the majority of participants responded negatively to receiving the confirmation code alone on a piece of paper, in subsequent rounds the C form was not used, and the confirmation code was included on the CP form.

- In Rounds 2 and 3, two scenarios were described to participants. The first scenario was the same as Round 1—they received the P form before the transaction, and the T form after the transaction was complete. In the second scenario, participants received only the CP form before the transaction (which included the confirmation code), and nothing afterward. About half of participants in Rounds 2 and 3 said they preferred the CP scenario. Some liked the opportunity to review all of the information prior to the transaction, while others preferred receiving only one piece of paper. The other half of participants preferred the P/T scenario. These participants felt it was important to receive a disclosure after the transaction was complete; some pointed out that the T form could serve as proof the transaction occurred, whereas the CP form could not.
- Some participants who preferred the P/T scenario were asked if they would be more comfortable receiving CP if the clerk stamped it following the transaction to indicate the money had been sent. While nearly all of these participants felt that such a stamp would improve the usefulness of that disclosure, most still said they would prefer to get a piece of paper after the transaction.
- When asked whether they thought the information provided on a pre-transaction disclosure would be an estimate or exact, nearly all participants believed it would be exact. Most participants believed that the terms shown on the pre-transaction disclosure would be accurate for at least an hour, but might change the following day due to fluctuations in the exchange rate.
- When asked how long they would keep the different disclosure forms, most participants said they would hold onto the combined pre/post- or post-transaction disclosures (CP or T forms) at least until the recipient received the money. They generally indicated that they would keep the pre-transaction disclosure (P form) for a shorter period of time; many participants said they would throw it away immediately.

Error Resolution Rights

- When reviewing the forms, several participants commented that they liked the fact that the error resolution information was presented concisely.
- When asked what they would do if they learned that the intended recipient did not receive the money, most participants said they would contact the provider using the number provided on the disclosure forms. Other participants said they would first go back to the place where they made the transaction to resolve the issue in person.
- Almost all participants saw the contact information provided on the form for the state regulatory agency and the Consumer Financial Protection Bureau. When asked what they would do if they had exhausted all their options with the provider but the problem had not been resolved, most participants indicated that they would contact these agencies. A few participants did not believe these agencies would be the most effective way of resolving the issue, and said they would instead contact the Better Business Bureau, the police, or a lawyer.

Cancellation Rights

- Participants in Round 2 were asked if they believed they had the right to cancel the transaction once it was complete.² Slightly more than half of participants thought they might be able to cancel as long as the recipient had not picked up the money, while the remaining participants did not think they could cancel the transaction. After reviewing an additional disclosure that included language about their cancellation rights, most participants understood they would have a right to cancel. However, the amount of time they thought they could cancel varied widely. In Round 3, the language about cancellation rights was revised to clarify that the sender had the right to cancel the transaction within 24 hours. All participants understood this information.
- In Round 2 and the first day of Round 3, participants thought that if they cancelled the transaction they would not be refunded the transfer fee they had paid. On the last day of testing, the forms were modified to indicate that the sender may have the right to a “full refund.” Most participants understood this to mean that the refund would include the transfer fee. Therefore, the wording from the second day of testing during Round 3 was used in the Board’s proposed model forms.
- All but one of the participants understood that they would not be able to cancel a transaction if the money had already been picked up by the recipient.

² In Rounds 1 and 2, the disclosures used for the scenarios did not include any information about consumers’ right to cancel.

CHAPTER I: BACKGROUND

In July 2010, President Obama signed into law the Dodd-Frank Act. Section 1073 of the Dodd-Frank Act requires the Board to develop and implement new disclosure regulations for remittance transfer providers. Beginning July 21, 2011, the CFPB will assume this responsibility. Until the transfer of these responsibilities to the CFPB, the Board is responsible for developing these new regulations, as well as model disclosures that illustrate how the required information can best be provided to consumers. The primary goal of these new disclosures is to ensure that consumers who send remittances are aware of the full costs that they are paying to send money to other countries.

In November 2010, the Board contracted with ICF Macro, an ICF International company, to assist it with this effort. ICF Macro is a research and evaluation company with expertise in the design and cognitive testing of effective consumer communication materials. In recent years, ICF Macro has also worked closely with the Board on its reviews of disclosures related to credit cards, mortgages, overdraft protection, and funds availability.

The research for this project has consisted of three different phases. First, ICF Macro conducted a series of six exploratory focus groups with consumers who send remittances to learn more about how they make decisions related to remittances and what information is useful to them in this context. Following these groups, ICF Macro's information designers developed a set of model disclosure forms that met the requirements of the Dodd-Frank Act and would be understandable and useful to consumers. In the final phase of the project, these model forms were tested through three rounds of in-depth cognitive interviews with consumers. The forms were revised between rounds to address any usability or comprehension issues that became apparent.

The findings from this work informed the Board's proposed disclosure regulations for remittance transfer providers, which are expected to be published for public comment in spring 2011. The revised disclosure forms that were developed and refined through the testing will be included as model forms with the proposal.

CHAPTER II: EXPLORATORY FOCUS GROUPS

Methodology

In order to learn more about how consumers make decisions related to sending remittances and what kinds of information they would find most useful, ICF conducted a series of six focus groups with consumers who send money to other countries. Three groups were held in Bethesda, Maryland on December 2 and 7, 2010, and three were held in Los Angeles, California on December 14, 2010. A total of 56 consumers participated in the groups. In each of the two locations, two of the focus groups were conducted in English, while one was conducted in Spanish. Recruitment for the Spanish-language group was conducted in Spanish, but all recruiting criteria were essentially the same as for the English-language groups.

Focus group participants were recruited by telephone using a structured screening instrument developed by ICF Macro and Board staff. Participation was limited to consumers who send money to a person or a company in another country at least once per year, and who do not work in the financial industry. Other questions ensured the recruitment of participants with a range of ages, education levels, amount of time lived in the United States, and geographic region to which money is sent. The recruiting screener used for the Bethesda groups is provided as Appendix A; the screener used in Los Angeles was essentially the same. Information about participants' demographic and background characteristics is provided in Appendix B.

Each of the focus groups lasted approximately 90 minutes, and was conducted using a protocol that was developed collaboratively by ICF Macro and Board staff to guide the discussion. Participants were asked about the factors consumers consider when choosing a remittance transfer provider, what information they receive from providers before and after their transaction, the utility of information provided prior to completing a transaction or on a storefront sign, and their experience dealing with errors in remittance transactions. The same protocol was used in the Spanish- and English-language groups.

Key Findings

How Participants Choose Remittance Transfer Providers

- Participants were asked to list the factors they consider when choosing a provider. Factors mentioned by participants, in approximate order of frequency, included:
 - Amount of fees charged
 - Convenience of locations to the recipient
 - Convenience of locations to the sender
 - Reliability of the provider
 - Time it takes for the money to become available
 - Exchange rate

- Reputation of the provider
 - Extra benefits (e.g., free phone call to recipient, rewards)
 - Customer service
 - Ease of completing the transaction (e.g., provider stores their information in the company's system, requires less paperwork, offers an online option)
 - Efficient error resolution
 - Documentation/record keeping
 - Confirmation provided to sender when funds are received
- The factors most often identified as the most important in choosing a provider were the amount of fees charged, convenience of locations for the recipient, and convenience of locations for the sender. Some participants indicated that the most important factors could vary depending on the situation. For example, a low fee might be the most important factor for sending routine remittances, but speed and reliability were most important when sending money for emergencies.
 - Most participants said they were satisfied with their experience and generally used the same provider every time they send money.
 - When asked why they did not consider different providers, some participants said it was because the provider they use has the most convenient location for them or their recipients. Other reasons included conveniences resulting from using the same provider, such as having their information already in the provider's system, an understanding of that provider's process, and loyalty rewards (e.g., a free phone call to the recipient). Some participants noted that because of the importance of these factors, they were indifferent to the fact that they might get slightly better exchange rates or fees elsewhere. A few participants said that they were confident their provider was the least expensive, so there was no need to compare costs.
 - Some participants commented that they had compared providers when they were initially searching for a remittance transfer provider, but had eventually decided that a single provider was best for them.
 - Participants said that when they send money for an emergency, they do not compare providers because there is not time to do so.
 - Only a few participants said that they regularly compare providers when they want to send money.
 - Most of those participants who compared providers said they look for the most favorable fees.
 - Among participants that generally send money in local currency, most of those participants who compared providers said that they compare exchange rates between providers. Some of these participants indicated that they used the internet to determine the rates at different providers, even if they send the money in person.

- A few participants said they compared different providers if they were sending an especially large amount of money. In this case, they said, they might need to find a different provider because the amount they needed to send exceeded the maximum allowed by the provider they usually used, because fees might be significantly different for a large amount of money, or because they were concerned about security.

Information Received from Providers Before and After In-Person Transactions

- Most participants said they did not get any written information *before* completing an in-person remittance transaction, but could get information such as fees and exchanges rates orally, if they asked an agent. In general, they did not think this was a problem. However, a few participants commented that agents were sometimes reluctant to engage customers in conversation because they are busy, and several other participants agreed that this could be a problem.
- Participants were asked to list what kinds of information they receive from providers *after* making an in-person remittance transaction. The most common information included (in approximate order of frequency):
 - Name and address of the recipient
 - Code or confirmation number
 - Amount of money to be received
 - Fees
 - Exchange rate
 - Name and address of the sender
 - The date and/or time funds will be available
 - Amount of money sent
 - “Fine print” or “rights”
 - The account number and bank the money is being sent to (for bank transfers only)
- Most participants said they carefully reviewed some of the information given to them on a receipt to check for errors, specifically the recipient’s name, the location to which the money is being sent, and the amount of money the recipient will receive. Most participants also checked to make sure that their receipt contained a pick-up or confirmation code. A few participants said they might check the exchange rate and fees. Very few participants said they read the entire receipt carefully.
- Most participants who complete remittance transfers in-person said they keep the receipt until they know the recipient has received the money. A few participants said they save their receipts for their own records (e.g., for tax purposes).

- Most participants in the English-speaking focus groups said they received written information in English, regardless of the language they used to communicate with the provider or its agent. Most of the participants in the Spanish-speaking focus groups said they received written information in both English and Spanish, but a few participants said the information was only available in English. A few participants expressed concern that while getting the information in English was not a problem for them, it could be challenging for people who have more difficulty understanding written English.

Information Received from Providers Before and After Online Transactions

- Participants who send money online indicated that before they place the transaction, they are given a quote that shows the fees they will be charged, the exchange rate, when the funds will be available, and the amount of funds that will be available to the recipient. Most of these participants said that they were also given this information *after* the transaction, and some of these participants indicated that they also received a confirmation email with the same information.
- Participants who send money online generally believed that the information they received about fees and exchange rates prior to placing the transaction was not an estimate, but an exact quote. Most of these participants understood that exchange rates change frequently, and believed that the quote only applied to that specific transaction.
- Participants who send money online generally keep a record of their transactions for a longer period of time than those who send money in person. Most of these participants said that they either save the receipts they receive by email or indicated that the website itself keeps a history of their transactions.

Reactions to the Idea of Receiving Pre-Transaction Information

- Most participants indicated that receiving additional information prior to completing the transaction would be useful. Specifically, they would want to know:
 - The amount to be received
 - All fees associated with the transaction (including any to be paid by the recipient)
 - How fees are determined (e.g., based on the amount sent or the speed of delivery)
 - Exchange rate
 - Date of availability
- Among those participants who wanted to receive more information before their transactions, approximately half of these participants wanted this information to be provided in writing.
 - Most of these participants felt that having the information on paper was important because if they subsequently had a problem, they would have a record of what they had been told.

- A few participants said they would use the pre-transaction disclosures they received to compare providers, and that having it on paper would facilitate this process.
- The other half of participants who wanted to receive more pre-transaction information thought it should be given orally or presented on a screen, like a computer monitor or those used at check-out registers or to confirm credit card transactions. Some of these participants felt that requiring providers to give consumers pre-transaction information on paper unnecessarily complicated a simple process, and were concerned that it could result in a longer wait time and higher fees. These participants did not feel the benefits of having pre-transaction information on paper outweighed these potential costs.
 - A few of these participants said that written pre-transaction information would be helpful for those who were sending money for the first time, but that it was unnecessary for those with previous experience.
 - A few participants said they were concerned that if they received too many papers they might confuse them, and accidentally discard the paper with their confirmation code. Several other participants agreed that this was a potential problem.
 - Most of these participants said they would use the information presented orally or on a screen to confirm the details of the transaction, such as the recipient's name or the amount to be sent.
- Most participants indicated that even if they received pre-transaction information in writing, they would still want to receive the same type of receipt they get currently.
- In most cases, even those participants who wanted more pre-transaction information said that when sending money they generally already know in advance what fee they will be charged, and could get additional information from the agent orally if necessary.
- While most participants indicated that more pre-transaction information would be useful, there were some who said that it was not necessary in any form. Some of these participants said that they already had any information they needed from their own research and experience with remittances, while other participants trusted that the bank or provider would get the transaction right. Some participants also said that pre-transaction information they received about fees or exchange rates would be irrelevant to their decision whether to send the money, because recipients usually needed the funds as soon as possible for an emergency.

Reactions to the Idea of Posting Information on a Storefront or Online

- Most participants in the Bethesda focus groups said that no information about remittance transfers was posted at the providers they use, except for promotional information. In Los Angeles, some participants indicated that some providers had information about fees and exchange rates posted on the wall. In both cities, participants who send money using banks or credit unions said they had never seen any information posted.

- Participants were asked to imagine a storefront posting at a provider that showed how much money would be available to a recipient if \$100 were sent. They were then asked how useful that information would be to them. Most participants cited limitations or obstacles to the usefulness of such a posting:
 - Participants agreed that this information would only be useful to them if the country to which they wanted to send money was shown on the posting—for example, a posting showing how much money a recipient in Mexico would receive would not be useful to someone who wanted to send money to Peru.
 - One of the most frequent comments was that because exchange rates change often, and because rates would have to be listed for many different countries, the storefront posting described would be difficult to keep up-to-date. Several participants expressed skepticism that providers would be able to display this information accurately, and said that inaccurate information would be of no use to them.
- Several participants indicated that the information on this storefront posting would be useful to them. A few participants said that they would use the posting as a reference point for comparing providers, and that the storefront posting would save them time because they would not have to wait in line to talk to an agent to get the information. Some participants said they would use the storefront posting to decide *when* to send money based on fluctuations in the exchange rate, but would be unlikely to use it to compare different providers.
- Some participants indicated that the scenario described on the storefront posting was not the information they sought when sending a remittance transfer. Some participants said it would be more helpful to see how much money in dollars they would need to send in order for the recipient to receive a certain amount of local currency, rather than how much currency would be received if they sent a certain amount in dollars. For example, they would want to know how many dollars they needed to send for a family member to receive 100 pesos.
- Some participants suggested that a simpler posting that disclosed transfer fees would be more useful. However, others felt that even a posting that focused specifically on fees could be very complex because of the multiple reasons that fees can vary.
 - Some said that fees sometimes vary by service—for example, they can opt to pay a higher fee if they want their money to arrive more quickly. They would want this additional information to be shown, but pointed out that it would increase the complexity of the posting.
 - Participants also felt that any posting about fees would need to show fees for different amounts, otherwise it would be unclear to apply the information to a specific transaction. For example, some participants incorrectly assumed a linear relationship between fee and amount sent (e.g., they assumed that the fee on a \$300 transaction would be three times the fee on a \$100 transaction). Other participants understood that this approach might not be accurate—for example, if fees were tiered.

- Regardless of whether or not they felt the storefront posting would be useful, most participants said that as long as the information shown on the posting was close to what they expected, they would be unlikely to decide not to follow through with their intended transaction.
- Participants who send money online said that the provider typically gives them a real-time exact quote that is specific to the transaction they intend to make. Therefore, these participants said that an online disclosure containing information similar to that of the hypothetical storefront posting reflecting model transfer amounts would not be useful.

Dealing with Errors or Problems

- Most participants reported having had problems with at least one remittance transaction in the past. However, almost all participants said that their problems had been resolved fairly quickly, and that the recipient had eventually received their money.
 - The most frequently cited problem was that the agent or sender had spelled a recipient's name incorrectly. Sometimes the sender caught this error when confirming the transaction information with an agent or reviewing the receipt. In other cases, participants only became aware of the mistake once the recipient was denied the money.
 - A few participants had experiences in which the recipient had been charged unexpected taxes or fees. Although they found this situation distressing, participants generally did not blame the provider; they felt it was a problem with the system in the recipient's country and not something that could be resolved from the U.S. They did, however, believe that providers in the U.S. should do a better job of informing them of any fees or taxes for which the recipient would be responsible.
 - A few participants were frustrated by delays in the availability of funds to the recipient. This was especially problematic when the remittance was time-sensitive and critical, such as for a hospital bill. In these cases, participants complained that providers either did not explain the reason for the delay, or did not offer senders more than an apology for the inconvenience.
- Two participants described situations in which they felt the provider had not satisfactorily resolved an error. One participant said that the provider had lost his money, and as a result did not use that provider any more. The other participant felt that she had been overcharged by her provider; it was unclear whether she still used that provider. A few other participants said they had changed providers because they were unhappy with the error resolution process itself, even though the problem was resolved in the end.
- Most participants indicated that they were aware that the post-transaction receipt contained information about what to do in the case of an error. However, most participants also said they had never read this information.

Suggestions for Improving the Remittance Process

- When asked how providers could better provide information to them, participants had the following suggestions:
 - Give remittance senders access to a history of their past transactions
 - Provide confirmation to senders when their funds are received
 - Make transactions simpler (e.g., by minimizing paperwork, storing information for senders and past recipients, allowing senders to confirm information on a screen before completing a transaction)
 - Contact senders if their funds do not arrive or are not picked up
 - Print error resolution information and other “fine print” in a larger font

CHAPTER III: DEVELOPMENT OF MODEL DISCLOSURE FORMS

During the next phase of the project, ICF Macro and Board staff worked collaboratively to develop model disclosure forms. These forms were designed to satisfy the requirements of the Dodd-Frank Act, and to provide information in a way that would be clear and usable to consumers. The disclosures were developed in the form of cash register receipts, since the Board expects that at least some providers would print the disclosures in this format. In order to provide context for testing participants, the forms described a specific scenario in which a hypothetical consumer was using a provider called “Global Money Transfers” to send \$100 to Mexico, to be received in Mexican pesos.

Four different types of disclosures were developed for testing:

- **Pre-Transaction Disclosure:** This disclosure (referred to as the “P” form) would be given to consumers before they paid for the transaction. P-1 included the phrase “not a receipt” at the top of the document, as well as the transfer amount, transfer taxes and fees, the total transaction amount (i.e., the total amount paid by the sender to the transfer provider); the exchange rate, the transfer amount expressed in local currency, other taxes and fees, and the total amount of money (in local currency) that would be available to the recipient.
- **Post-Transaction Disclosure:** This disclosure (referred to as the “T” form³) would be given to consumers after they completed the transaction. It included the word “receipt” at the top of the document, as well as all of the information provided in the P form. In addition, it provided the name, address, and phone number of the sender; the name and address of the recipient; the address of the location where the recipient would pick up the funds; the date the funds would be available; the confirmation code; a statement about the sender’s error resolution rights; and contact information for the money transfer provider, the state regulatory agency, and the Consumer Financial Protection Bureau.
- **Combined Pre/Post-Transaction Disclosure:** This disclosure (referred to as the “CP” form) combined the timing of the P form (i.e., pre-transaction) with the content of the T form. It originally included the phrase “not a receipt” at the top (like the P form), although this phrase was removed in later rounds.
- **Notification of Confirmation Code:** This form (referred to as the “C” form) would be given to consumers after they completed the transaction. It was a smaller piece of paper than the other forms, and contained only the confirmation code that would be associated with that transaction.

In some cases, the content of these disclosures was revised throughout the testing process. These revisions are discussed in detail in Chapter IV.

³ An alternate version of the T form (referred to as the “ET” form) was also developed. The ET form was identical to the T form except that it included wording that would be used if a provider were unable to provide exact terms for a transaction. The ET form was not shown to participants as part of a scenario, but was used to test their comprehension of the revised text.

Throughout this report, the disclosure forms are named such that the letter (i.e., P, T, CP, or C) indicates the type of disclosure, and the number (i.e., 1, 2, or 3) indicates the round in which it was tested. For example, “CP-2” refers to the combined pre/post-transaction disclosure that was tested during the second round of interviews. The disclosure forms shown to consumers during each round of testing are included in this report as Appendix C.

The development of these disclosures was largely based on findings from the focus groups described in Chapter II. This reliance on “real world” research with consumers is important to ensure that disclosure forms are useful and understandable to their intended audiences. At the same time, there are a number of general principles to which ICF Macro’s information designers try to adhere. Some principles that were especially relevant to the development of forms for this project include:

- **Use plain language.** Jargon and technical language should be avoided whenever possible, and replaced with words that are more easily understood by consumers. The use of simple language is particularly important in this context, because consumers that are at the greatest risk of being taken advantage of are often those with lower literacy levels in the language in which the disclosure is being provided. While readability metrics (such as the “grade level” of the writing) can be useful in this respect, the best way to determine whether language is truly understandable is through direct consumer testing.
- **Prioritize information, and structure disclosures so that the most important information for consumers is easiest for them to find.** Consumers frequently do not read disclosures carefully; those who look at them often only skim them quickly to look for a few key pieces of information. Therefore, the information that is most important to consumers should be located most prominently on the disclosure. In this case, for example, regulatory agency contact information was placed at the bottom of the forms since it would be used much less frequently than other transaction information.
- **Group related concepts and figures.** Transaction disclosures may attempt to communicate a great deal of disparate information in a relatively small space. Consumers are likely to find it easier to absorb and make sense of the information if it is grouped in a logical way so they do not have to constantly shift their mindset as they read. On the remittance disclosures, this is done by grouping related information into three main sections: sender and recipient information, transaction information, and error resolution information.
- **Keep language and design elements consistent between forms so that information can be tracked over time.** Because there was overlap in the content of pre- and post-transaction disclosures, both ICF Macro and Board staff anticipated that consumers would want to use the latter form to confirm that the information they had been given earlier was accurate. Therefore, any information that was repeated between the forms was printed in the same order and format on both, to make it easy for consumers to make this comparison.

- **Provide numerical information in a logical order, so that the relationships between numbers are clear.** Most of the disclosures that were developed contained seven different figures related to money. One concern was that if consumers found it difficult to distinguish between these figures, they might stop reviewing them carefully—and therefore might be less aware of the fees and exchange rates that apply. ICF Macro’s information designers used visual elements to indicate how numbers were related, such as lines above totals when numbers were being added or subtracted. The information was also ordered in a logical way—for example, reading top to bottom, all numbers that were listed after the exchange rate appeared in local currency.

CHAPTER IV: TESTING OF DISCLOSURE FORMS

Methodology

Once the model disclosure forms were drafted, the next phase of the project was to test the extent to which the disclosure forms communicated information to consumers in a clear and usable way. To test the forms, ICF Macro conducted in-depth cognitive interviews with a total of 29 consumers in New York, New York; Atlanta, Georgia; and Bethesda, Maryland. As with the focus groups, interview participants were recruited by telephone using a screener that was developed collaboratively by ICF Macro and Board staff. The screening criteria were similar to those used for the focus groups, with the addition of items that limited the number of participants who only sent money in dollars and whose primary language was English. The screener for Rounds 2 and 3 included an additional item that excluded anyone who had not sent remittances for personal purposes. The recruitment screener used for the second and third rounds of interviews is included as Appendix A; Appendix B provides detailed information about the demographic characteristics of the interview participants at each site.

The interviews were approximately 60 minutes long and were based on an interview guide developed collaboratively by ICF Macro and Board staff. Participants were first asked a series of questions about their experiences sending remittances. They were then given scenarios in which they completed an imaginary remittance transaction and received one or more of the disclosure forms being tested. For each scenario, participants were asked to review the disclosure forms presented and to let the interviewer know if they had any comments or questions. The interviewer then asked participants specific questions to test their understanding of the information presented in the form. Participants were also asked attitudinal and preference questions to collect information about how they felt about the remittance transaction process presented in the scenarios, as well as the disclosure forms themselves.

Round 1: Interviews in New York, New York (January 2011)

Research Objectives and Forms Tested

ICF Macro conducted 10 cognitive interviews with consumers in New York, New York on January 18 and 19, 2011. The purpose of this round of interviews was to test consumers' understanding of the disclosure forms and their reactions to the timing and content of the disclosures. Participants in this round were asked to imagine two different scenarios in which they made a remittance transaction and received disclosures.⁴

- In one scenario, participants were given P-1 (a pre-transaction disclosure) after providing the clerk with transaction information, but before paying. Participants then completed the imaginary transaction and received T-1 (a post-transaction disclosure).

⁴ In order to avoid order effects, the order in which the interviewer presented the scenarios was alternated between participants. This was done in subsequent rounds of interviews as well.

- In the other scenario, participants were given CP-1 (a combined pre/post-transaction disclosure) after providing the clerk with transaction information, but before paying. After completing the imaginary transaction, they were then given C-1, which provided a confirmation code.

In addition to these four forms, participants were also shown a fifth disclosure (ET-1). ET-1 was nearly identical to T-1, except that it (a) noted that the exchange rate, transfer amount (in pesos), other fees and taxes, and total to recipient were *estimated* amounts; and (b) indicated that the funds would be “available on or before” a particular date. This language was used to simulate a situation in which a provider might not be able to provide exact terms for a transaction. ET-1 was not shown to participants as part of a scenario, but was used at the end of the interview to test participants’ comprehension of the revised text.

Key Interview Findings

Comprehension of Disclosure Forms (P-1, T-1, CP-1, and C-1)

- All but one of the participants understood from the disclosures the day on which the money would be available to the recipient. The remaining participant did not see the “date available” shown on the form, but understood what it meant when it was pointed out to him. All participants assumed that the money would also be available to the recipient after the date shown on the form.
- All participants understood that the provider would charge them a fee of US\$10 to send the money.
- All participants understood the difference between the “transfer amount” (the amount being sent to the recipient) and the “total transaction” (the transfer amount plus the fee being charged to the sender).
- All participants understood how the exchange rate was applied to the transfer amount to convert US\$100 into pesos for the recipient.
- Most participants were surprised to see “other fees and taxes” on the disclosure form, because it was not something they were used to seeing. However, all but two of the participants correctly assumed that these fees and taxes would be charged on the receiving end, either by the government or by the facility at which the money would be picked up. The remaining two participants said they were unsure what the “other fees and taxes” represented, and would ask the remittance transfer provider.
- All but one of the participants understood how many pesos the recipient would be able to pick up. The remaining participant did not notice that “other fees and taxes” would be subtracted from the transfer amount when it was picked up by the recipient.

Comprehension of Disclosure Form ET-1

- ET-1 said that the funds would be available “on or before” a given date. Six participants correctly understood that this meant the funds would definitely be available on or after the date, and might also be available before that date. The four remaining participants

incorrectly interpreted the phrase to mean that the funds would be available anytime between the day of the transaction and the date on the disclosure, but not after that date.

- After explaining to participants what was meant by the phrase “on or before,” the interviewer asked several of them if the phrase “funds available no later than” was clearer. One participant thought that the new phrase was clearer, but most participants felt that the two phrases meant the same thing.
- All participants understood that the word “estimated” on ET-1 meant that the actual amounts might be different from those shown on the disclosure. Most participants believed that this information was estimated because it would depend on the exchange rate at the time the money was picked up.
- Two participants believed that the transfer provider would likely use the “estimated exchange rate” to its own advantage by fixing the rate at a time that would be the most beneficial to the company. As a result, they thought, the amount available to the recipient would always be lower than what was shown on the disclosure.

Timing of Information

- Overall, most participants felt it would be useful to receive information prior to completing a remittance transaction. However, not all participants thought it was necessary for this information to be given on a piece of paper.
 - Most participants said it would be useful to review the recipient and pick-up information prior to completing the transaction, because most transaction errors resulted from this information being inaccurate. However, half of the participants expressed some concern over receiving this information on paper, rather than orally or on a screen. Three of these participants were concerned about the risk of identity theft. The other two participants said that receiving a “receipt-like” paper disclosure before the transaction might make them feel obligated to go through with the transaction.
 - Most participants felt it was important to know the transfer fee prior to completing a transaction. However, many said it would not be necessary to get this information on a piece of paper prior to each transaction because they generally already knew what they would be charged, either because they asked the clerk or because fees did not change.
 - Most participants felt it would be important to know the exchange rate information in advance. Two participants said that knowing the exchange rate in advance could help the sender determine how much money to send in order to ensure that the recipient would receive a specific amount in local currency. One participant suggested that the information could be used to compare rates among providers.
 - Most participants felt that it was unnecessary to include the contact information of the provider, state regulatory agency, and Consumer Financial Protection Bureau on a disclosure that was given prior to completing the transaction, as long as they received this information afterward.

- Two scenarios were described to participants. In one scenario they received P-1 (a pre-transaction disclosure) before the transaction, and T-1 (a post-transaction disclosure) after the transaction was complete. In the other scenario, participants received CP-1 (a combined pre/post-transaction disclosure) before the transaction, and C-1 (a notification of confirmation code) after the transaction was complete. Eight of the participants preferred the first scenario. Many of these participants said it was important that T-1 could serve as proof that the transaction had occurred, whereas neither CP-1 nor C-1 could do so. Participants also preferred this scenario because all of the information needed was available on one piece of paper. As some participants pointed out, C-1 was so small it could easily get separated from CP-1 (in which case there would be no way of linking the confirmation code to the transaction) or lost altogether (in which case they would not have the information needed for the recipient to pick up the money).
- There were two participants who preferred the scenario with CP-1 and C-1. These participants felt it was an advantage that C-1 had so little information on it either because it protected the sender from identity theft or because it protected the transaction from theft. As the latter explained, if someone found C-1, that person would not be able to steal the money because the disclosure did not include any other information identifying the transaction. These participants suggested that the error resolution information should be included on C-1, rather than CP-1, so they would be free to dispose of CP-1 but still have the information they needed on C-1 should an error occur.
- Most participants expected that the information provided on a pre-transaction disclosure would be accurate for the rest of the day. Most participants thought that if they came back the following day to complete their transaction, the numbers might be slightly different because of changes in the exchange rate. A few participants said that if they came back later to complete the transaction, they would ask the company if the information on the pre-transaction disclosure was still accurate. One participant said he would expect the money transfer provider to tell him if any of the information was no longer accurate.
- When asked how long they would keep the disclosure forms following the transaction, participants' responses varied.
 - **P-1 and T-1:** Of seven participants who were asked how long they would keep T-1 (the post-transaction disclosure), three participants said that they would keep it until the recipient picked up the money and four said they would keep it indefinitely (consistent with their practice of saving receipts). Participants were less likely to say they would keep P-1; three participants said they would throw it away immediately, two said they would keep it until the recipient picked up the money, and two participants indicated they would keep it indefinitely.
 - **CP-1 and C-1:** Five of the participants said they would keep CP-1 (combined pre/post-transaction disclosure) until the recipient picked up the money, four participants said they would keep it indefinitely (consistent with their practice of saving receipts), and the remaining participant thought he would throw it away immediately. Seven of the participants said they would keep C-1 (confirmation code only) until the recipient picked up the money and the remaining three participants

said they would keep it indefinitely along with CP-1 (consistent with their practice of saving receipts).

Error Resolution Rights

- Upon reviewing the forms, a few participants commented that they liked the fact that the error resolution information was presented clearly and concisely. They commented that the information was much more apparent than on the disclosures they currently receive.
- Participants were asked what they would do upon learning that the recipient did not receive the money. Half of the participants indicated that the first thing they would do if they had a problem would be to go back to where they completed the transaction and talk to the clerk. The other half said that their first step would be to contact the provider using the phone number provided on the disclosure.
- Seven of the participants saw the phone number for the provider in their first review of the disclosure. Two of the remaining three participants were able to quickly find this information when prompted by the interviewer. The remaining participant saw the phone number, but did not know whom he would be contacting if he used it.
- Participants were then asked what they would do if they had exhausted all their options with the provider, but the problem had not been resolved. Based on their initial review of the disclosure form, six participants said that they would contact the state regulatory agency and/or the Consumer Financial Protection Bureau. Two of the four remaining participants were able to quickly find contact information for these agencies when prompted by the interviewer, and understood that they could contact them to get additional help. The two remaining participants saw the phone numbers, but said they would not contact these organizations. One of these participants did not believe that state- or federal-level authorities would get involved in such a specific problem. The other participant felt the police would be the best option for putting more pressure on the provider.

Subsequent Design Decisions

Based on findings from this round of interviews, several changes were made to the disclosure forms that were tested in the next round:

- **P-1 and T-1:** Because most participants did not have any major difficulties understanding the information presented in these disclosure forms, no significant changes were made.
- **CP-1 and C-1:** Because there was a strong negative response to getting a post-transaction disclosure listing only the confirmation code, C-1 was dropped from future rounds of testing and the confirmation code was added to CP-1. Because this meant that consumers who received the CP form would not receive a separate receipt, the phrase “not a receipt” was removed from subsequent versions of the CP form.
- **ET-1:** Because many participants had difficulty understanding the intent of the phrase “funds available on or before,” the phrase was changed to “funds available by.” In addition, to ensure that consumers are aware of their right to cancel remittance

transactions, the sentence “You may have a right to cancel this transaction” was added to the section that includes the money transfer provider’s contact information.

Round 2: Interviews in Atlanta, Georgia (February 2011)

Research Objectives and Forms Tested

ICF Macro conducted 10 cognitive interviews with consumers in Atlanta, Georgia on February 9 and 10, 2011. The purpose of this round of interviews was to test consumers’ understanding of the revised disclosure forms and their reactions to the timing and content of the disclosures. As with the first round of testing, participants were shown disclosures for two different scenarios in which they made a remittance transaction and received disclosures.

- One scenario was exactly the same as in Round 1: participants were given P-2 (a pre-transaction disclosure) after providing the clerk with transaction information, but before paying. Participants then completed the imaginary transaction and received T-2 (a post-transaction disclosure).
- The other scenario was slightly modified from Round 1. After providing the clerk with transaction information but before paying, participants were given CP-2 (a combined pre/post-transaction disclosure). Unlike in the first round, however, CP-2 included the confirmation code. Therefore, participants were not given a second piece of paper after completing the transaction.

As in the first round, at the end of the interview, participants were again given a final form to review (ET-2). This form was a modified version of T-2, which differed only in that it (a) noted that the exchange rate, transfer amount (in pesos), other fees and taxes, and total to recipient were *estimated* amounts; (b) indicated that the funds would be “available by” a particular date; and (c) included the sentence “you may have the right to cancel this transaction.”

Key Interview Findings

Comprehension of Disclosure Forms (P-2, T-2, and CP-2)

As in the first round of testing, most participants did not have difficulty understanding the information presented in the disclosures.

- All but one of the participants understood on which day the money would be available to the recipient. The remaining participant incorrectly assumed, based on prior experience, that the money would be available right away. All participants believed that the money would also be available to the recipient after the date shown on the form.
- All participants understood that the provider would charge them a fee of US\$10 to send the money.
- All participants understood the difference between the “transfer amount” (the amount being sent to the recipient) and the “total transaction” (the transfer amount plus the fee being charged to the sender).

- All participants understood how the exchange rate was applied to the transfer amount to convert US\$100 into pesos for the recipient.
- Seven of the participants understood that “other fees and taxes” were separate from the “transfer fees and taxes” and would be charged on the receiving end. The remaining three participants incorrectly assumed that they were only being charged one set of taxes and fees, and that the “other fees and taxes” shown were the “transfer fees and taxes” converted into pesos.
- All participants understood how many pesos the recipient would be able to pick up.

Comprehension of Disclosure Form ET-2

- ET-2 said that the funds would be “available by” a given date. Only one participant understood that this meant the funds would be available on or after the given date, and might also be available before that date. Most participants incorrectly believed the phrase meant the same thing as the “date available” shown on T-2—that is, that the funds would be available on or after the given date, but not before. One participant misinterpreted this phrase to mean that the funds would be available anytime between the date of the transaction and the given date.
- Six participants were asked what it would mean if the disclosure indicated that the funds would be available “no later than” a given date. All six participants assumed this would mean that the funds would be available anytime between the day of the transaction and the date on the disclosure, but not after that date.
- All participants understood that the word “estimated” on ET-2 meant that the actual amounts might be different from that shown on the form. Eight participants said they thought any changes in the amounts would be due to fluctuations in the exchange rate. The remaining two participants believed that the use of the word “estimated” might also mean that the provider did not know the exact amount of “other fees and taxes” that would be charged on the receiving end of the transaction.

Timing of Information

- As in the first round of testing, most participants felt it could be useful to receive information prior to completing a remittance transaction. Most participants said they would use information on a pre-transaction disclosure to review or confirm information (e.g., recipient information, fees, amount to the recipient) prior to completing the transaction. Two participants noted that they could use the fee and exchange rate on a pre-transaction disclosure to determine the amount they needed to send to ensure that a recipient would get a specific amount of local currency.
- Most participants did not mention a preference for how pre-transaction information should be provided. However, two participants said they would prefer to get the information on paper, one preferred oral confirmation, and another preferred to see the information on a screen. One of the participants who preferred paper said it would be

easier for senders for whom English is not the primary language they speak; the other felt that a pre-transaction disclosure on paper could better protect against fraudulent practices.

- Two scenarios were described to participants. The first scenario was the same as in Round 1—participants received P-2 (a pre-transaction disclosure) before the transaction, and T-2 (a post-transaction disclosure) after the transaction was complete. In the other scenario, participants received CP-2 (a combined pre/post-transaction disclosure with the confirmation code) before the transaction, but no additional disclosures after the transaction was complete. Four of the participants said they preferred the scenario in which they were given CP-2 (combined pre/post-transaction disclosure) before completing the transaction, rather than separate pre- and post-transaction disclosures. Two of these participants commented that a separate pre-transaction disclosure would be a waste of paper, while another said that he would prefer to have all of the transaction information prior to completing the transaction. All four participants indicated that it would not bother them if they did not receive a disclosure after completing the transaction.
- Six of the participants said they preferred the scenario in which they were given P-2 (pre-transaction disclosure) and then T-2 (post-transaction disclosure). Half of these participants felt this way because they found it unsettling to be given a receipt-like form with a confirmation code prior to completing the transaction (as in the CP-2 scenario). Two of the participants were concerned that CP-2 would not serve as proof that the transaction occurred. The remaining participant was concerned that CP-2, because it was more comprehensive, would represent a commitment to complete the transaction. He worried that if he wanted to change anything after seeing CP-2, the provider might charge him money to do so.
- On the second day of testing, all three participants who expressed a preference for the P-2/T-2 scenario were asked how they would feel about CP-2 if it was stamped “paid” following the transaction. Two of the three participants said this would resolve their concern about CP-2, because the stamp would show that the transaction had been completed. The remaining participant did not believe this would be sufficient for CP-2 to serve as proof of the transaction because a “paid” stamp was easily faked.
- Most participants expected that the information provided on a pre-transaction disclosure would be accurate for the rest of the day, but could be slightly different the following day due to fluctuations in the exchange rate. Two of these participants commented that it would be the provider’s responsibility to let them know if any of the information had changed. One participant incorrectly thought the terms would be accurate for 180 days because of the text on the disclosure stating that “if you have any problems or questions about this transaction, contact us within 180 days.”
- Of the seven participants who were asked how long they would keep the disclosures, three participants said they would keep T-2 (post-transaction disclosure) or CP-2 (combined pre/post-transaction disclosure) until the recipient picked up the money, and four participants said they would keep the disclosures for a longer period of time or indefinitely (consistent with their practice of saving receipts). Participants were less likely to say they would keep P-2; four participants said they would throw it away

immediately, and three participants said they would keep it for a longer period of time or indefinitely.

Error Resolution Rights

- As in the first round, a few participants commented that they appreciated how concisely and clearly the error resolution information was presented on the disclosures.
- Participants were asked what they would do upon learning that the recipient did not receive the money. All but one of the participants said they would contact the provider directly using the phone number given on the disclosure form. The remaining participant did not see the provider's contact information on the form, and said he would call the state regulatory agency (which he found on the form) to get that information.
- Participants were then asked what they would do if they had exhausted all their options with the provider, but the problem had not been resolved. Based on their initial review of the disclosure form, seven participants said they would contact the state regulatory agency and/or the Consumer Financial Protection Bureau. Once prompted by the interviewer, all three of the remaining participants were able to locate the contact information for these agencies on the disclosure, and understood that they could contact them to get additional help.

Cancellation Rights

- When presented with the scenarios, participants were asked if they believed they could cancel the transaction after sending the money.⁵ Four participants believed that once the transaction had been completed, they would be unable to cancel it. Six participants believed that they would be able to cancel the transaction, as long as the recipient had not picked up the money. Two of these participants expected they would be charged an additional fee for cancelling the transaction.
- After reviewing ET-2, which did include a sentence stating that they “may have the right to cancel this transaction,” participants were again asked if they thought they could cancel. Eight participants indicated that they would be able to cancel, while the remaining two were unsure.
- When asked what would be returned to them if they cancelled the transaction, eight participants believed the provider would return the money they sent, but not the transfer fee they had paid. The remaining two participants thought that the provider would return the transfer fee as well. Of the two participants who, prior to reviewing ET-2, thought they would be charged an additional fee for cancelling, one no longer thought so while the other was unsure.
- When asked how long they would have to cancel the transaction, participants' responses varied. Three participants believed the cancellation period would be indefinite, as long as the recipient had not picked up the money. Other participants assumed that there would

⁵ Forms P-2, T-2, and CP-2 did not include any information about consumers' right to cancel.

be a limit to how long they could cancel; responses included: a few minutes, a few days, a week, 30 days, or 180 days.

Subsequent Design Decisions

Based on findings from this round of interviews, several changes were made to the disclosure forms that were tested in the next round:

- **Cancellation Rights:** Because participants' assumptions about their cancellation rights varied widely, the sentence "You may have the right to cancel this transaction within 24 hours of payment" was added to all forms.
- **P-2, T-2, and CP-2:** Because most participants did not have any major difficulties understanding the information presented in these disclosure forms, no other significant changes were made.
- **ET-2:** Because many participants had difficulty understanding the intent of the phrase "funds available by," the phrase was changed to "date available" (i.e., the same phrase used to describe the date that funds would be available on other forms). However, the phrase "may be available sooner" was added to indicate that the funds might be available before the date shown.

Round 3: Interviews in Bethesda, Maryland (March 2011)

Research Objectives and Forms Tested

ICF Macro conducted nine cognitive interviews with consumers in Bethesda, Maryland on March 2 and 3, 2011. Like previous rounds of interviews, the purpose of this round was to test consumers' understanding of revised disclosure forms and their reactions to the timing and content of the disclosures. As with the first two rounds, participants were asked to imagine two different scenarios in which they made a remittance transaction and received disclosures. The scenarios for this round were exactly the same as the previous round:

- In one scenario, participants were given P-3 (a pre-transaction disclosure) after providing the clerk with transaction information, but before paying. Participants then completed the imaginary transaction and received T-3 (a post-transaction disclosure).
- In the other scenario, participants were only given one piece of paper, CP-3 (combined pre/post-transaction disclosure), which included the confirmation code. They were given CP-3 after providing the clerk with transaction information, but before paying for the transaction.

As in the first two rounds, participants were given a final disclosure form to review (ET-3). Again, this disclosure was a modified version of T-3, which differed only in that it (a) noted that the exchange rate, transfer amount (in pesos), other fees and taxes, and total to recipient were *estimated* amounts; and (b) indicated that the funds "may be available sooner" than the date given.

The forms that were tested on the two days of interviews differed slightly in the wording they used to describe the error resolution process and the right to cancel. The forms used on the second day are referred to as “3b” in this report (e.g., P-3 on the first day vs. P-3b on the second day). Unless mentioned below, the differences between these forms had no impact on participants’ understanding of or reaction to the forms.

Key Interview Findings

Comprehension of Disclosure Forms (P-3, T-3, and CP-3)

As in the first two rounds of testing, most participants did not have difficulty understanding the information presented in the disclosures.

- All participants understood that the money would be available to the recipient on or after the date on the disclosure, but not before.
- All participants understood that the provider would charge them a fee of US\$10 to send the money.
- All participants on the first day of testing⁶ understood the difference between the “transfer amount” (the amount being sent to the recipient) and the “total transaction” (the transfer amount plus the fee being charged to the sender).
- All but one of the participants understood how the exchange rate was applied to the transfer amount to convert US\$100 into pesos for the recipient. The remaining participant mistakenly believed that the “exchange rate” shown on the disclosure was a fee charged for changing dollars into pesos.
- All but two of the participants understood that “other fees and taxes” were separate from the “transfer fees and taxes” and would be charged on the receiving end. The remaining two participants believed the “other fees and taxes” shown were the “transfer fees and taxes” converted into pesos. One of these participants later realized and corrected his error.
- All but two of the participants understood how many pesos the recipient would be able to pick up. The remaining two participants indicated that the recipient would be able to pick up the “transfer amount” shown on the form; they failed to subtract the “other fees and taxes.”

Comprehension of Disclosure Form ET-3

- ET-3 indicated the “date available” for the funds, but also that they “may be available sooner.” In contrast to the previous rounds of testing, all of the participants correctly understood the intent of this section of this disclosure—that the funds would be available on or after the given date, and might be available before that date.

⁶ Participants on the second day of testing were not asked this question, because the phrase “total transaction” did not appear on the forms used on the second day. Instead, the forms said “total.”

- All participants understood that the word “estimated” on ET-3 meant that the actual amounts might be different from that shown on the form. All participants believed this would be due to fluctuations in the exchange rate, and one participant added that it could also be because the company was new and did not fully understand the money transfer process. While a few participants were skeptical that the recipient would ever get more than was shown on the disclosure, most participants agreed that the amount could be more or less.

Timing of Information

- As in the previous rounds of testing, most participants felt it could be useful to receive information from a provider prior to completing a remittance transaction. Most participants said information on a pre-transaction disclosure could be used to review or confirm the details of the transaction (e.g., recipient information, fees, amount to the recipient) prior to completing the transaction. One participant noted that knowing the exchange rate in advance could help someone determine the amount they needed to send in order to ensure that a recipient would get a specific amount of local currency.
- Most participants did not have a strong preference for how pre-transaction information should be presented. One participant felt that providing information in written form was a “waste of paper,” because the information could be provided orally instead. However, another participant said that someone for whom English was not a primary language, she would prefer to receive the information on paper because it would be easier for her to understand. A few participants suggested that having the information on paper would only be useful if someone was unfamiliar with the process and fees, such as the first time they make a transaction.
- The same two scenarios were presented to participants as were used in Round 2. In one scenario, participants received P-3 (a pre-transaction disclosure) before the transaction, and T-3 (a post-transaction disclosure) after the transaction was complete. In the other scenario, participants received CP-3 (a combined pre/post-transaction disclosure with the confirmation code) before the transaction, but no additional disclosures after the transaction was complete. Half of the participants said they preferred the scenario in which they received CP-3 before completing the transaction. These participants preferred this scenario because it provided the opportunity to review all of the information (including the recipient’s name and address) prior to completing the transaction. They also felt that it was simpler to have only one piece of paper. All of these participants indicated that it would not concern them if they did not receive a second disclosure after completing the transaction.
- The other half of participants said they preferred the scenario in which they were given P-3 (pre-transaction disclosure) and then T-3 (post-transaction disclosure). Some of these participants were concerned that CP-3 would not represent proof that the transaction had occurred, a concern brought up by participants in other rounds as well. Others felt that CP-3 provided too much information before the transaction, and might be potentially distracting. They preferred to only receive the information shown on P-3 prior to the transaction, and to get the rest of the information after the transaction.

- Those participants who expressed a preference for the P-3/T-3 scenario were asked how they would feel about CP-3 if it received some kind of stamp (e.g., “paid” or machine-stamped time and date) following the transaction. These participants felt that this would be an improvement, but still preferred getting separate pre- and post-transactions.
- In contrast to previous rounds, participants were divided as to how long they thought the information provided on a pre-transaction disclosure would be accurate. Three participants thought the same as most participants in previous rounds—that the information would be accurate for the rest of the day, but could be different the following day due to fluctuations in the exchange rate. About half of the participants believed that the information on the pre-transaction disclosure might be different after only an hour. One participant thought it would be unlikely for the information to change even after a day.
- Participants were also asked how long they would keep the disclosures. As with previous rounds, their responses were generally consistent with how they currently handle remittance receipts. Six of the participants said they would keep T-3 (post-transaction disclosure) or CP-3 (combined pre/post-transaction disclosure) until the recipient picked up the money, and the remaining three participants said they would keep the disclosures for a longer period of time or indefinitely. Participants were less likely to say they would keep P-3—seven participants said they would discard it immediately, one participant indicated that he would throw it away once the recipient received the money, and the remaining participant said she would file it with other receipts for a longer period of time.

Error Resolution Rights

- Participants were asked what they would do upon learning that the intended recipient did not receive the money. All participants said they would contact the provider directly using the phone number given on the disclosure form. However, one of these participants added that he would likely try to contact the specific branch where the transaction occurred, rather than use the main number provided on the disclosure.
- Participants were then asked what they would do if they had exhausted all of their options with the provider, but the problem had not been resolved. Based on their initial review of the disclosure forms, all but two of the participants said they would contact the state regulatory agency and/or the Consumer Financial Protection Bureau. The remaining participants initially said they would contact the Better Business Bureau or a lawyer. Once prompted by the interviewer, both of these participants were able to locate the relevant information on the form and understood they could contact these agencies to get additional help.

Cancellation Rights

- All participants understood, based on the disclosure forms, that they had the right to cancel the transaction within 24 hours of payment. All but one said they would not be able to cancel the transaction if the money had already been picked up, even if it was within the 24-hour window. The remaining participant thought it might be possible for someone to “do a scam” and cancel the transaction after the money had been picked up.

- When asked if they could cancel the transaction after 24 hours, most participants said they were unsure but would contact the provider to find out. Two participants did not believe it would be possible to cancel the transaction after 24 hours, even if the money had not been picked up.
- Participants were also asked if they believed they would get the transfer fee back if they cancelled the transaction. Their responses differed depending on the forms they were shown.
 - **T-3 and CP-3 (Day 1):** These forms included the sentence “You may have the right to cancel this transaction within 24 hours of payment.” None of the participants who saw these forms believed they would be refunded the transfer fee if they cancelled the transaction.
 - **T-3b and CP-3b (Day 2):** On these forms the sentence was revised to say “You may have the right to cancel for a full refund within 24 hours of payment.” Three of the four participants who saw these forms believed that they would be refunded the transfer fee if they cancelled the transaction.

Subsequent Design Decisions

Because comprehension of the forms in this round was very high, only a few changes were made to the disclosures following this round of testing.

- ET-3 was significantly more successful than ET-1 or ET-2 at explaining that funds would be available on or after the date shown and might also be available before that date. Therefore, the wording of ET-3 (i.e., that funds “may be available sooner”) was used in the proposed model forms that are expected to be published by the Board in spring 2011.
- Participants on the second day were significantly more likely to understand that if they cancelled their transaction, their transfer fee would be refunded to them. Therefore, the wording used to describe the right to a refund on the second day (i.e., “the right to cancel for a full refund”) was used as a basis for the Board’s proposed model forms.

CHAPTER V: CONCLUSION

This report summarizes work conducted by ICF Macro from November 2010 through April 2011 in support of the Board's efforts to revise rules pertaining to remittance transaction disclosures. ICF Macro conducted this work in three phases: (1) conducting exploratory focus groups to learn about how consumers make decisions about sending remittances and what information that is useful to them in this context; (2) designing model disclosures that are clear and understandable to consumers; and (3) conducting cognitive interviews to test consumers' comprehension of and reaction to the information presented in the disclosures.

The research findings described in this report will be an important source of data for the Board as it prepares its proposed rules related to remittances. The disclosures developed through the iterative testing discussed herein will be used as a basis for the Board's proposed model forms ensure that its new regulations will lead to the provision of disclosures that are easy for consumers to understand and use.

**APPENDIX A:
SAMPLE RECRUITMENT SCREENERS**

Focus Group Recruitment Screener

**Participant Screener for Federal Reserve Board Focus Groups
Bethesda, MD
December 2, 2010**

General Information and Recruiting Specifications

- Focus groups will be held at 6:00pm and 8:00pm
 - A total of 14 recruits for each group.
 - All participants must be fluent in English.
 - INTERVIEWERS: Ask all participants to bring their reading glasses if necessary.
-

Recruiting Script

A research company will be conducting a series of focus groups in your area to learn more about how people make financial decisions. I would like to ask you a few questions to determine if you qualify to participate in these groups.

Q1: Have you ever worked in the financial industry, like for a bank, credit union, mortgage lender, or money transfer service?

- Yes → *Thank respondent and end call.*
- No → Continue

Q2: Have you participated in any other focus groups in the past 6 months?

- Yes → *Thank respondent and end call.*
- No → Continue

Q3: Have you ever sent money to a person or a company in another country using a bank, credit union, or money transfer service?

- Yes → Continue
- No → *Thank respondent and end call.*

Q4: How often do you send money to another country?

- Less than once a year → *Thank respondent and end call.*
- 1 to 3 times a year → Continue
- Every 2 or 3 months → Continue
- Once a month or more → Continue

Q5: What kind of company have you used to send money to other countries? (*select all that apply*)

- a) Have you sent money using a money transfer service, like one you might find in a convenience or grocery store, or on the internet? (*If respondent doesn't understand question, provide Western Union or Moneygram as examples of money transfer services.*) (at least 6 recruits must say "yes")
- b) Have you sent money using a bank or credit union? (at least 5 recruits must say "yes")

If participant answers "No" to both parts of Q5, they do not qualify--thank them and end call.

Q6: How have you sent money to other countries? (*select all that apply*)

- a) Have you placed an order in person?
- b) Have you placed an order using the internet? (at least 3 recruits must say "yes")
- c) Have you placed an order by telephone?
- d) Have you sent money by mail?
- e) Have you sent money in some other way? *If so, specify:* _____.

Q7: ARTICULATION: Do you always send money using the same company? If yes, why? If no, why do you use different companies? [and/or ask: "Do you always send money using the same method? If yes, why? If no, why have you used different methods?"]

- If respondent gives thoughtful, articulate answer → Continue
- If respondent does not give a thoughtful, articulate answer → *Thank respondent and end call.*

<p>Q8: What is the average amount of money that you usually send?</p> <ul style="list-style-type: none"> a) Less than \$100 b) \$100 to \$250 c) \$250 to \$500 d) More than \$500 	<p><i>No quotas.</i></p>
<p>Q9: For how many years have you lived in the United States?</p> <ul style="list-style-type: none"> a) 0 to 5 years b) 5 to 10 years c) More than 10 years 	<ul style="list-style-type: none"> • At least 5 participants should answer (a) or (b). • At least 5 participants should answer (c).

<p>Q10: To what country do you usually send money?</p> <p><i>Record country:</i></p> <hr/>	<ul style="list-style-type: none"> • No more than 6 participants should be sending money to a Latin American or Caribbean country (including Mexico). • No more than 6 participants should be sending money to an Asian country. • No more than 4 participants should be sending money to the same country.
<p>Q11: What is the highest level that you reached in school?</p> <p>a) High school diploma or less</p> <p>b) Some college work</p> <p>c) College graduate</p>	<ul style="list-style-type: none"> • No more than 5 participants should answer (c)
<p>Q12: What is your age?</p> <p>a) 18-30 years</p> <p>b) 31-50 years</p> <p>c) 50+ years</p>	<ul style="list-style-type: none"> • No more than 6 participants should answer (a) • No more than 6 participants should answer (b) • No more than 6 participants should answer (c)

In-Depth Interview Recruitment Screener

Participant Screener for Federal Reserve Board In-Depth Interviews
Bethesda, MD
March 2 and 3, 2011

General Information and Recruiting Specifications

- In-depth interviews will be held on [date and time]
 - A total of 12 recruits – 6 per day: 5 for interviews and one floater for half the day.
 - **All quotas listed in the screener apply to the 12 recruits**
 - All participants must be fluent in English.
 - INTERVIEWERS: Ask all participants to bring their reading glasses if necessary.
-

Recruiting Script

A research company will be conducting a series of in-depth interviews in your area to learn more about how people make financial decisions. I would like to ask you a few questions to determine if you qualify to participate in these interviews.

Q1: Have you ever worked in the financial industry, like for a bank, credit union, mortgage lender, or money transfer service? (*If respondent doesn't understand question, provide Western Union or Moneygram as examples of money transfer services.*)

- Yes → *Thank respondent and end call.*
- No → Continue

Q2: Have you participated in any focus groups or in-depth interviews in the past 6 months?

- Yes → *Thank respondent and end call.*
- No → Continue

Q3: Have you ever sent money to a person or a company in another country using a bank, credit union, or money transfer service?

- Yes → Continue
- No → *Thank respondent and end call.*

Q4: When you sent money to a person or a company in another country, have you done so for personal reasons, such as to send money to a friend or relative?

- Yes → Continue
- No (e.g., has only sent money on behalf of employer) → *Thank respondent and end call.*

Q5: How often do you send money to another country?

- Less than once a year → *Thank respondent and end call.*
- 1 to 3 times a year → Continue
- Every 2 or 3 months → Continue
- Once a month or more → Continue

Q6: What kind of company have you used to send money to other countries? (*select all that apply*)

- a) Have you sent money using a money transfer service, like one you might find in a convenience or grocery store, or on the internet? (**at least 5 recruits must say “yes”**)
- b) Have you sent money using a bank or credit union? (**at least 4 recruits must say “yes”**)

If participant answers “No” to both parts of Q6, they do not qualify--thank them and end call.

Q7: How have you sent money to other countries? (*select all that apply*)

- a) Have you placed an order in person?
- b) Have you placed an order using the internet?
- c) Have you placed an order by telephone?
- d) Have you sent money by mail?
- e) Have you sent money in some other way? *If so, specify:* _____.

If participant answers “No” to Q7a, they do not qualify – thank them and end call.

Q8: ARTICULATION: Do you always send money using the same company? If yes, why? If no, why do you use different companies? [and/or ask: “Do you always send money using the same method? If yes, why? If no, why have you used different methods?”]

- If respondent gives thoughtful, articulate answer → Continue
- If respondent does not give a thoughtful, articulate answer → *Thank respondent and end call.*

Q9: What is the average amount of money that you usually send?

- a) Less than \$100
- b) \$100 to \$250
- c) \$250 to \$500
- d) More than \$500

- At least 4 participants should answer (a) or (b).
- At least 4 participants should answer (c) or (d).

<p>Q10: When you send money, does the recipient usually receive U.S. dollars or local currency?</p> <p>a) U.S. dollars b) Local currency</p>	<ul style="list-style-type: none"> • At least 8 participants should answer (b).
<p>Q11: For how many years have you lived in the United States?</p> <p>a) 0 to 5 years b) 5 to 10 years c) More than 10 years</p>	<ul style="list-style-type: none"> • At least 5 participants should answer (a). • No more than 2 participants should answer (c).
<p>Q12: Is English the primary language you speak at home?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<ul style="list-style-type: none"> • At least 10 participants must say “No.”
<p>Q13: To what country do you usually send money?</p> <p><i>Record country:</i></p> <p>_____</p>	<ul style="list-style-type: none"> • At least 3 participants should send money to Mexico. • No more than 7 participants should be sending money to a Latin American or Caribbean country (including Mexico). • At least 3 participants should be sending money to an Asian country. • No more than 4 participants should be sending money to the same country. <p><i>Note: For the purposes of screening, Puerto Rico does not count as another country. Participants who only send money to Puerto Rico should not be recruited.</i></p>
<p>Q14: What is the highest level that you reached in school?</p> <p>a) High school diploma or less b) Some college work c) College graduate</p>	<ul style="list-style-type: none"> • No more than 3 participants should answer (c)

Q15: What is your age?

- a) 18-30 years
- b) 31-50 years
- c) 50+ years

- No more than 5 participants should answer (a)
- No more than 5 participants should answer (b)
- No more than 5 participants should answer (c)

**APPENDIX B:
PARTICIPANT DEMOGRAPHIC
INFORMATION**

	Bethesda, MD Dec. 2 and 7, 2010 Focus Groups	Los Angeles, CA Dec. 14, 2010 Focus Groups	New York, NY Jan. 18-19, 2011 Interviews	Atlanta, GA Feb. 9-10, 2011 Interviews	Bethesda, MD March 2-3, 2011 Interviews	Total
Gender						
Male	17	10	5	5	5	42 (50%)
Female	11	17	5	5	4	42 (50%)
Total	28	27	10	10	9	84 (100%)
Age						
18-30	9	8	2	4	4	27 (32%)
30-50	10	12	5	5	4	36 (43%)
50+	9	7	3	1	1	21 (25%)
Total	28	27	10	10	9	84 (100%)
Highest Level of Education						
High School	5	9	1	3	0	18 (21%)
Some college	12	8	5	4	6	35 (42%)
College graduate	11	10	4	3	3	31 (37%)
Total	28	27	10	10	9	84 (100%)
Time Lived in the United States						
0-5 years	3	4	2	2	0	11 (13%)
5-10 years	6	6	5	5	4	26 (31%)
10+ years	19	17	3	3	5	47 (56%)
Total	28	27	10	10	9	84 (100%)
English Spoken as Primary Language at Home¹						
Yes	-	-	3	3	3	9 (31%)
No	-	-	7	7	6	20 (69%)
Total	-	-	10	10	9	29 (100%)

¹ This question was not asked of participants in the focus groups.

	Bethesda, MD Dec. 2 and 7, 2010 Focus Groups	Los Angeles, CA Dec. 14, 2010 Focus Groups	New York, NY Jan. 18-19, 2011 Interviews	Atlanta, GA Feb. 9-10, 2011 Interviews	Bethesda, MD March 2-3, 2011 Interviews	Total
Frequency of Sending Remittances						
1-3 times per year	13	5	5	2	6	31 (37%)
Every 2-3 months	4	10	2	3	1	20 (24%)
At least once per month	11	12	3	5	2	33 (39%)
Total	28	27	10	10	9	84 (100%)
Currency Usually Sent to Recipient						
Dollars	16	9	3	3	4	35 (43%)
Local Currency	10	17	7	7	5	46 (57%)
Total	26²	26²	10	10	9	81 (100%)
Sent Money through Money Transfer Service						
Yes	27	23	8	9	9	76 (90%)
No	1	4	2	1	0	8 (10%)
Total	28	27	10	10	9	84 (100%)
Sent Money through Bank or Credit Union						
Yes	14	12	5	5	2	38 (45%)
No	14	15	5	5	7	46 (55%)
Total	28	27	10	10	9	84 (100%)

² Not all focus group participants responded to this question.

**APPENDIX C:
MODEL DISCLOSURES USED IN TESTING**

Round 1:
New York, NY
January 18-19, 2011

Pre-Transaction Disclosure (P-1)

Post-Transaction Disclosure (T-1)

Combined Pre/Post-Transaction Disclosure (CP-1)

Confirmation Code Disclosure (C-1)

Estimated Post-Transaction Disclosure (ET-1)

Global Money Transfers

123 Eastern Avenue
New York, NY 12345

Today's Date: 1/18/2011

NOT A RECEIPT

Transfer Amount:	\$100.00
Transfer Fee:	\$10.00
Total Transaction:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

Global Money Transfers

123 Eastern Avenue
New York, NY 12345

Today's Date: 1/18/2011

RECEIPT

SENDER:

Pat Jones
123 Broadway Avenue
New York, NY 12345
212-123-4567

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Date Available: 1/19/2011

Confirmation Code: ABC 123 DEF 456

Transfer Amount:	\$100.00
Transfer Fee:	\$10.00
Total Transaction:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

If you have any problems or questions about this transaction, contact us within 180 days at 800-123-4567 or www.gmt.com. You can also contact us for an explanation of your rights.

For questions or complaints about Global Money Transfers, contact:

New York State Banking Department
877-226-5697
www.banking.state.ny.us/csci.htm

Bureau of Consumer Financial
Protection
800-555-9999
www.cfpb.gov

Global Money Transfers

123 Eastern Avenue
New York, NY 12345

Today's Date: 1/18/2011

NOT A RECEIPT

SENDER:

Pat Jones
123 Broadway Avenue
New York, NY 12345
212-123-4567

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Date Available: 1/19/2011

Transfer Amount:	\$100.00
Transfer Fee:	\$10.00
Total Transaction:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

If you have any problems or questions about this transaction, contact us within 180 days at 800-123-4567 or www.gmt.com. You can also contact us for an explanation of your rights.

For questions or complaints about Global Money Transfers, contact:

New York State Banking Department
877-226-5697
www.banking.state.ny.us/csci.htm

Bureau of Consumer Financial
Protection
800-555-9999
www.cfpb.gov

Global Money Transfers

123 Eastern Avenue
New York, NY 12345

Today's Date: 1/18/2011

CONFIRMATION CODE

ABC 123 DEF 456

C-1

Global Money Transfers

123 Eastern Avenue
New York, NY 12345

Today's Date: 1/18/2011

RECEIPT

SENDER:

Pat Jones
123 Broadway Avenue
New York, NY 12345
212-123-4567

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Funds Available On or Before:
1/28/2011

Transfer Amount:	\$100.00
Transfer Fee:	\$10.00
Total Transaction:	\$110.00

Estimated Exchange Rate:
US\$1.00 = 12.27 MXN

Estimated Transfer Amount:	1,227.00 MXN
Other Estimated Fees and Taxes:	-40.00 MXN
Estimated Total to Recipient:	1,187.00 MXN

If you have any problems or questions about this transaction, contact us within 180 days at 800-123-4567 or www.gmt.com. You can also contact us for an explanation of your rights.

For questions or complaints about Global Money Transfers, contact:

New York State Banking Department
877-226-5697
www.banking.state.ny.us/csci.htm

Bureau of Consumer Financial
Protection
800-555-9999
www.cfpb.gov

Round 2:
Atlanta, GA
February 9-10, 2011

Pre-Transaction Disclosure (P-2)

Post-Transaction Disclosure (T-2)

Combined Pre/Post-Transaction Disclosure (CP-2)

Estimated Post-Transaction Disclosure (ET-2)

Global Money Transfers

1350 Spring St NW
Atlanta, GA 30309

Today's Date: 2/09/2011

NOT A RECEIPT

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total Transaction:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

Global Money Transfers

1350 Spring St NW
Atlanta, GA 30309

Today's Date: 2/09/2011

RECEIPT

SENDER:

Pat Jones
1819 Peachtree Rd NE
Atlanta, GA 30309
404-123-4567

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Date Available: 2/10/2011

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total Transaction:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

If you have any problems or questions about this transaction, contact us within 180 days at 800-123-4567 or www.gmt.com. You can also contact us for an explanation of your rights.

For questions or complaints about Global Money Transfers, contact:

Georgia Department of Banking and Finance
770-986-1633
www.gadbf.org

Bureau of Consumer Financial Protection
800-555-9999
www.cfpb.gov

Global Money Transfers

1350 Spring St NW
Atlanta, GA 30309

Today's Date: 2/09/2011

SENDER:

Pat Jones
1819 Peachtree Rd NE
Atlanta, GA 30309
404-123-4567

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Date Available: 2/10/2011

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total Transaction:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

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Bureau of Consumer Financial Protection
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www.cfpb.gov

Global Money Transfers

1350 Spring St NW
Atlanta, GA 30309

Today's Date: 2/09/2011

RECEIPT

SENDER:

Pat Jones
1819 Peachtree Rd NE
Atlanta, GA 30309
404-123-4567

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Funds Available By: 2/20/2011

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total Transaction:	\$110.00

Estimated Exchange Rate:
US\$1.00 = 12.27 MXN

Estimated Transfer Amount:	1,227.00 MXN
Other Estimated Fees and Taxes:	-40.00 MXN
Estimated Total to Recipient:	1,187.00 MXN

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Bureau of Consumer Financial Protection
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Round 3, Day 1:
Bethesda, MD
March 2, 2011

Pre-Transaction Disclosure (P-3)

Post-Transaction Disclosure (T-3)

Combined Pre/Post-Transaction Disclosure (CP-3)

Estimated Post-Transaction Disclosure (ET-3)

Global Money Transfers

1500 Bethesda Avenue
Bethesda, MD 20814

Today's Date: 3/02/2011

NOT A RECEIPT

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total Transaction:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

Global Money Transfers

1500 Bethesda Avenue
Bethesda, MD 20814

Today's Date: 3/02/2011

RECEIPT

SENDER:

Pat Jones
100 Hallowell Street
Bethesda, MD 20810
301-555-1212

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Date Available: 3/03/2011

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total Transaction:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

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For questions or complaints about Global Money Transfers, contact:

Maryland Office of the Commissioner
of Financial Regulation
410-230-6077
www.dllr.state.md.us/finance/

Consumer Financial Protection Bureau
800-555-9999
www.cfpb.gov

Global Money Transfers

1500 Bethesda Avenue
Bethesda, MD 20814

Today's Date: 3/02/2011

SENDER:

Pat Jones
100 Hallowell Street
Bethesda, MD 20810
301-555-1212

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Date Available: 3/03/2011

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total Transaction:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

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www.dllr.state.md.us/finance/

Consumer Financial Protection Bureau
800-555-9999
www.cfpb.gov

Global Money Transfers

1500 Bethesda Avenue
Bethesda, MD 20814

Today's Date: 3/02/2011

RECEIPT

SENDER:

Pat Jones
100 Hallowell Street
Bethesda, MD 20810
301-555-1212

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Date Available: 3/12/2011
(May be available
sooner)

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total Transaction:	\$110.00

Estimated Exchange Rate:
US\$1.00 = 12.27 MXN

Estimated Transfer Amount:	1,227.00 MXN
Other Estimated Fees and Taxes:	-40.00 MXN
Estimated Total to Recipient:	1,187.00 MXN

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Consumer Financial Protection Bureau
800-555-9999
www.cfpb.gov

Round 3, Day 2:
Bethesda, MD
March 3, 2011

Pre-Transaction Disclosure (P-3b)

Post-Transaction Disclosure (T-3b)

Combined Pre/Post-Transaction Disclosure (CP-3b)

Estimated Post-Transaction Disclosure (ET-3b)

Global Money Transfers

1500 Bethesda Avenue
Bethesda, MD 20814

Today's Date: 3/03/2011

NOT A RECEIPT

Transfer Amount:	\$100.00
<u>Transfer Fees and Taxes:</u>	<u>\$10.00</u>
Total:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
<u>Other Fees and Taxes:</u>	<u>-40.00 MXN</u>
Total to Recipient:	1,187.00 MXN

P-3b

Global Money Transfers

1500 Bethesda Avenue
Bethesda, MD 20814

Today's Date: 3/03/2011

RECEIPT

SENDER:

Pat Jones
100 Hallowell Street
Bethesda, MD 20810
301-555-1212

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Date Available: 3/04/2011

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

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Consumer Financial Protection Bureau
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www.cfpb.gov

Global Money Transfers

1500 Bethesda Avenue
Bethesda, MD 20814

Today's Date: 3/03/2011

SENDER:

Pat Jones
100 Hallowell Street
Bethesda, MD 20810
301-555-1212

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Date Available: 3/04/2011

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total:	\$110.00

Exchange Rate: US\$1.00 = 12.27 MXN

Transfer Amount:	1,227.00 MXN
Other Fees and Taxes:	-40.00 MXN
Total to Recipient:	1,187.00 MXN

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Global Money Transfers

1500 Bethesda Avenue
Bethesda, MD 20814

Today's Date: 3/03/2011

RECEIPT

SENDER:

Pat Jones
100 Hallowell Street
Bethesda, MD 20810
301-555-1212

RECIPIENT:

Carlos Gomez
106 Lorenzo Boturini
Mexico City
Mexico

PICK-UP LOCATION:

Global Money Transfers
65 San Antonio Abad
Mexico City
Mexico

Confirmation Code: ABC 123 DEF 456

Date Available: 3/12/2011
(May be available
sooner)

Transfer Amount:	\$100.00
Transfer Fees and Taxes:	\$10.00
Total:	\$110.00

Estimated Exchange Rate:
US\$1.00 = 12.27 MXN

Estimated Transfer Amount:	1,227.00 MXN
Other Estimated Fees and Taxes:	-40.00 MXN
Estimated Total to Recipient:	1,187.00 MXN

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11785 Beltsville Drive
Calverton, Maryland 20705
icfmacro.com