



Americans for Financial Reform
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Monica Jackson
Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552

Docket No. CFPB-2014-0003
RIN 3170-AA25

**Americans for Financial Reform’s Public Comment to the Consumer Financial Protection
Bureau on Defining Larger Participants of the International Money Transfer Market**

Dear Ms. Jackson,

On behalf of Americans for Financial Reform (AFR), we thank you for the opportunity to respond to the Request for Comments on the Proposed Rule on “Defining Larger Participants of the International Money Transfer Market.” AFR is a coalition of more than 200 national, state, and local groups who have come together to advocate for reform of the financial industry. Members of AFR include consumer, civil rights, investor, retiree, community, labor, faith based, and business groups along with prominent independent experts.

Background and Summary of the Proposed Rule

Under section 1024 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Consumer Financial Protection Bureau (CFPB) is authorized to supervise nonbank covered persons of all sizes in the residential mortgage, private lending, and payday lending markets. For other markets, the agency may only supervise a “larger participant.” The CFPB must define who is a larger participant in these markets, and has proposed a rule for the definition in the international money transfer market. This proposed rule, if adopted, would be the fourth in a series of rulemakings to define ‘larger participants’ in various consumer financial product markets. The CFPB estimates that under their proposed rule, 25 money market transfer companies would be covered.

In the proposed rule for this market,¹ the CFPB defines “larger participants” based on calculations that depend only on their volume of international transfers, and not on domestic transfers. The threshold for being a larger participant in this market is set at at least one million aggregate annual international money market transfers.² The aggregate annual transfers would be calculated by adding the annual international money transfers of the nonbank covered person and each of the nonbank covered person’s affiliates, with the annual figure set as the average of each of the past three years of business.³ The proposed rule specifies a formula for calculating the business volume of the affiliates of the covered person. Additionally, the proposed covered nonbank persons would be given the opportunity to submit information to the CFPB disputing that they fall under the definition of “larger participant.”

Recommendations

While Americans for Financial Reform generally supports the proposed rule, a handful of concerns remain. These are laid out below.

Criteria for defining “larger participants”

The proposed rule uses only one criteria—the number of transfers—to define “larger participants” in this market. In doing so, it fails to take into account regional and local markets which may have companies engaging in transaction levels that fall below the threshold, yet still make up a large percentage of the market share of transfers in that community. Dominance in regional and local markets should also be taken into account in determining which companies should come under the agency’s supervisory purview. If a company is the predominant transmitter in an area, it may have the opportunity to control the market in that area and charge high prices to consumers. We believe the final rule should consider market share in more regional markets when determining whether a money transmitter should be subject to the Bureau’s supervision.

Additionally we believe that all publicly traded money transfer companies, regardless of transaction volume, should be added to those already subject to your supervision. The Bureau has already identified 25 companies as having an annual volume of a million or more transfers; while there may not be any publicly traded companies outside of those already designated now, in the event that others come on to the publicly traded market, they should be included.

Covering all money transfers

The proposed rule contemplates only the international money transfer market. We strongly support supervision of this market, and the specific Dodd Frank provisions put in place to ensure

¹ Proposed 12 C.F.R. § 1090.102.

² A nonbank covered person that qualifies as a larger participant would remain a larger participant until two years after the first day of the tax year in which the terms of the test applied to them.

³ If the nonbank covered person has been in business less than three years, then annual is defined as the average weekly number of transfers while the person has been in business, divided by 52.

greater transparency in international money transfers, and an improved system of accountability and remedies. However, the authority for this proposed rule is derived from the more general authority the Bureau has to engage in federal oversight of persons offering specified consumer financial products or services. The Bureau's mission, paraphrased, is to encourage the development of a consumer financial marketplace that provides transparency for consumers around risk, prohibits business models from being built on unfair, deceptive, or abusive practices, and works for consumers and the economy.⁴ We respectfully suggest that consistent with this mission, and the Bureau's authority, it makes sense to supervise larger participants in the domestic money transfer market as well.

Thank you for the opportunity to submit comments on this matter. For questions, please contact policy analyst Rebecca Thiess at thiess@ourfinancialsecurity.org or 202-973-8005.

Sincerely,

Americans for Financial Reform

⁴ <http://www.consumerfinance.gov/the-bureau/>

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- AARP
- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Center for Effective Government
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Green America
- Greenlining Institute
- Good Business International

- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Home Defender's League
- Information Press
- Institute for Agriculture and Trade Policy
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lawyers' Committee for Civil Rights Under Law
- Main Street Alliance
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Council of Women's Organizations
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Urban League
- Next Step
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club

- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Partners

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC

- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- New Economy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending

- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- UNET

