



CONFERENCE OF STATE BANK SUPERVISORS

April 4, 2014

Monica Jackson
Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street NW.
Washington, DC 20006

Docket Number: CFPB-2014-0003
RIN: 3170-AA25

Dear Ms. Jackson:

The Conference of State Bank Supervisors (“CSBS” or “state regulators”) appreciates the opportunity to comment on the Consumer Financial Protection Bureau’s (“CFPB” or “Bureau”) proposed rule *Defining Larger Participants of the International Money Transfer Market* (RIN: 3170-AA25). CSBS submitted a joint comment letter with the Money Transmitter Regulators Association (MTRA), but also wanted to submit the following supplemental comments to ensure effective and efficient coordination with the states and robust and appropriate supervision of entities making international money transfers. CSBS appreciates that the Bureau will coordinate with appropriate state regulatory authorities in the examination of larger participants in this market when the rule is finalized.

STATE SUPERVISION OF MONEY TRANSMITTERS

States have a robust supervision framework for money transmitters. For the largest entities, states conduct multi-state exams on a regular basis. Exams last on average for one month and are usually conducted on a two year cycle. We encourage the Bureau to coordinate examination timelines to ensure consistency with current cycles and durations with the states and other relevant federal entities such as the Financial Crimes Enforcement Network (FinCEN) and the Internal Revenue Service (IRS).

CONSISTENCY AND EFFICIENCY OF FUTURE EXAMINATIONS

Currently, under Regulation E, transactions below \$15 dollars are exempted from certain disclosure, receipt and error resolution requirements. The Bureau does not appear to grant this same exemption in the proposed rule. CSBS is concerned this will cause confusion and inconsistent

application of standards in the examination process. As the Bureau will be examining for compliance with Regulation E, international money transmitters should have a consistent definitions for transaction exemptions. Market participants should have clarity and a single set of standards to follow. While the Bureau may enhance examinations in certain areas such as the evaluation of compliance systems, states contend it would be very confusing if the Bureau had different definitions for “international money transfers” in Regulation E and the Larger Participant Rule.

CONSIDERATION OF ONGOING STATE EFFORTS

State regulators were pleased to see that the Bureau was able to conduct analysis of the industry using information from the Nationwide Multi-State Licensing System (NMLS or System) pursuant to the information sharing framework with the states. State regulators believe this undertaking demonstrates how coordination and information sharing can positively affect outcomes in industries supervised by both the Bureau and the states.

The NMLS system is one of the most comprehensive sources of information on the money transmission industry. States are currently streamlining processes and enhancing information in the system to develop a reporting form for industry participants. Additional states are either considering or in the process of integrating their money transmission licensing requirements with the NMLS. States request these ongoing efforts be considered before the Bureau creates any reporting or registration requirements of their own. The Bureau should consider ongoing state efforts and collaborate with the states to avoid duplicative reporting requirements or registrations of money service businesses. The quality and amount of information on the money transmission industry already maintained within the system is comprehensive. The states look forward to collaborating with the Bureau to create an efficient and robust state-federal supervisory framework for the money transmission industry that is reasonably based on the risks they present.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Ryan". The signature is fluid and cursive, with the first name "John" being the most prominent.

John W. Ryan
President & CEO