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CONFERENCE OF STATE BANK SUPERVISORS



Money Transmitter Regulators
ASSOCIATION

April 1, 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

To Whom It May Concern,

The Conference of State Bank Supervisors (“CSBS”) and the Money Transmitter Regulators Association (MTRA) 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). Forty-seven states and the District of Columbia have regulatory authority over money transmitters. States have been performing in-depth examinations of money transmitters on a regular basis since the mid-1990s. These examinations not only cover the Bank Secrecy Act and Anti-Money Laundering but also financial stability and operational compliance, as well as consumer protection.

State money transmitter regulators offer the following comments, based on our supervisory experience:

DEFINITION OF LARGER PARTICIPANTS

The Bureau is proposing to designate entities with more than one million aggregate annual international money transfers as larger participants. This proposal would capture approximately 90% of the industry measured by transaction volume. Considering the robust examination program that states already offer and the statutory mandate that the CFPB make rules for larger participants, the states recommend that the CFPB establish the threshold at entities with over three million in aggregate annual international money transfers. This is more in line with the larger participant interpretations already proposed or finalized in other industries.

CLARIFICATION ON THE AGGREGATION OF TRANSACTIONS

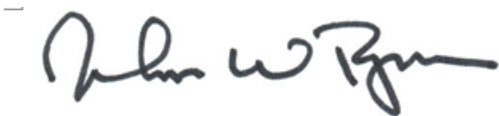
Many banks utilize non-bank providers for remittance transfers. Issues could arise when aggregating international transfers between affiliates and agents without regard to the source of the transfers. For example, in some instances non-banks have contracts with depository institutions to provide services. However, under this proposal, banks and credit unions are exempt. Therefore, there may be an issue with double counting or artificially inflating the size of measured entities, when business customers, consumers, bank to bank account transactions, and authorization agents are all counted together. State regulators request clarity in this area.

COORDINATION WITH THE STATES

State regulators were pleased that the Bureau was able to conduct analysis of the industry using information from the Nationwide Multi-State Licensing System (NMLS or System), as well as information provided by California, Ohio and New York. States that use the NMLS as their licensing portal for money transmitters are currently streamlining processes and enhancing information in the system to develop a uniform reporting form for industry participants. In order to be as efficient as possible and to avoid duplicative reporting requirements or registrations of money service businesses, States request these ongoing efforts be considered before the Bureau creates any reporting or registration requirements of their own.

Finally, State regulators recommend that the Bureau consider a risk scoped approach to examining larger participants to ensure that the burdens are consistent with the risk presented by their specific activities, customer base, and areas in which they remit to and from. 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,



John W. Ryan
President and CEO
Conference of State Bank Supervisors



Stephanie Newberg
President
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Deputy Commissioner
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