

## Supplemental OCC Examination Procedures on Remittance Transfer Amendments

The Office of the Comptroller of the Currency's (OCC) examination procedures are prepared for use by OCC examiners as a supplement to the Federal Financial Institutions Examination Council's<sup>1</sup> interagency Electronic Fund Transfer Act (EFTA) procedures that the OCC adopted in 2019.<sup>2</sup>

The following are examination procedures specific to the amendments to the remittance transfer provisions of EFTA's implementing regulation (Regulation E), which were published by the Consumer Financial Protection Bureau with an effective date of July 21, 2020. The amendments (Remittance Rule) implement the requirement to disclose exact costs of remittance transfers, address the safe harbor threshold, and permanently adopt exceptions for continued disclosure of exchange rate and third-party fee estimates.

The following parts explain how examiners should address the Remittance Rule changes. Part I explains whether a safe harbor exception applies and how to proceed upon making that determination. Part II explains the examination procedures that are applicable to the Remittance Rule changes.

### Part I: Applicability of Remittance Rule Changes

OCC examiners should assess whether subpart B of Regulation E applies.

#### Normal Course of Business Safe Harbor

The amendment to Regulation E provides a safe harbor to banks that have remittance transfers under the threshold. These banks would not be considered a "remittance transfer provider" in the normal course of business.

1. Determine whether the bank qualifies for a safe harbor by considering<sup>3</sup>
  - whether the bank made 500 or fewer remittance transfers in the previous calendar year; and
  - whether the bank makes 500 or fewer remittance transfers in the current calendar year.

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<sup>1</sup> The Federal Financial Institutions Examination Council consists of the following six voting members: a member of the Board of Governors of the Federal Reserve System; the Chairman of the Federal Deposit Insurance Corporation; the Director of the Consumer Financial Protection Bureau; the Comptroller of the Currency; the Chairman of the National Credit Union Administration; and the Chairman of the State Liaison Committee.

<sup>2</sup> For more information, visit the [Electronic Fund Transfer Act \(Interagency\) page on occ.gov](#).

<sup>3</sup> For more information, refer to 12 CFR 1005.30(f).

2. If the bank qualifies for a safe harbor,
  - determine whether the bank has adequate processes to monitor the 500-remittance transfer threshold and to manage any changes that result from exceeding the threshold.
  - verify, for the transition period from a bank’s status as a remittance transfer provider to qualifying for a safe harbor, the accuracy of the particular date the bank stated that it qualified for the safe harbor and ceased complying with the requirements for a “remittance transfer provider.”<sup>4</sup>
3. If the bank does not qualify for a safe harbor, determine whether the bank qualifies for a reasonable period of time (transition period), not to exceed six months, to begin complying with the requirements of a remittance transfer provider by determining whether the bank
  - made 500 or fewer remittance transfers in the previous calendar year.
  - makes more than 500 remittance transfers in the current year.
  - is providing remittance transfers for a consumer in the normal course of business as a remittance transfer provider.<sup>5</sup>

## Part II: Examination Procedures

OCC examiners should use the following examination procedures to assess a bank’s compliance with the Remittance Rule and Regulation E.

### Exchange Rate Estimate Exception

1. Determine whether estimates may be used for a remittance transfer to a particular country in accordance with the exchange rate estimate exception by considering<sup>6</sup>
  - whether the bank communicates a permitted explanation for why it cannot determine the exact exchange rate required to be disclosed under 12 CFR 1005.31(b)(1)(iv) for that remittance transfer. The following are permissible explanations:
    - The bank or its service provider does not set the exchange rate required to be disclosed under 12 CFR 1005.31(b)(1)(iv).
    - The rate is set when the funds are deposited into the recipient’s account by the designated recipient’s institution.
    - The recipient’s institution does not have a correspondent relationship with, and does not act as an agent of, the bank.<sup>7</sup>
  - whether the bank made 1,000 or fewer remittance transfers in the prior calendar year to

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<sup>4</sup> For more information, refer to 12 CFR 1005.30(f)(2)(iii).

<sup>5</sup> For more information, refer to 12 CFR 1005.30(f)(2)(ii).

<sup>6</sup> For more information, refer to 12 CFR 1005.32(b)(4).

<sup>7</sup> For more information, refer to Comment 32(b)(4)–1.

the particular country where the designated recipients of those transfers received funds in the country's local currency. The bank must

- count remittance transfers in the prior calendar year to a country when the designated recipients of those transfers received funds in the country's local currency regardless of whether the exchange rate was estimated for those transfers.
  - exclude counting of remittance transfers to a country in the prior calendar year when the designated recipients of those transfers did not receive the funds in the country's local currency.<sup>8</sup>
- whether the remittance transfer is initiated from the sender's account to a recipient's account within the same bank.<sup>9</sup>
2. If the exchange rate estimate exception does not apply, review a sample of disclosures to confirm via transaction testing that the bank is providing the exact cost, and not providing estimates, of the exchange rate for remittance transfers.<sup>10</sup>

### Third-Party Fees Estimate Exception

1. Determine whether estimates may be delivered for a remittance transfer to a particular designated recipient's institution in accordance with the third-party fee estimate exception by considering<sup>11</sup>
- whether the bank communicates a permitted exception explanation for why it cannot determine the exact covered third-party fees required to be disclosed under 12 CFR 1005.31(b)(1)(vi) for that remittance transfer. All of the following factors must be met:
    - The bank does not have a correspondent relationship with the designated recipient's institution.
    - The designated recipient's institution does not act as an agent of the bank.
    - The bank does not have an agreement with the designated recipient's institution with respect to the imposition of covered third-party fees on the remittance transfer.
    - The bank does not know at the time the disclosures are given whether any other intermediary financial institutions will impose covered third-party fees on the transfer other than the financial institution in which the bank has a correspondent relationship.<sup>12</sup>
  - whether the bank made 500 or fewer remittance transfers in the prior calendar year to the

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<sup>8</sup> For more information, refer to Comment 32(b)(4)–2.

<sup>9</sup> For more information, refer to 12 CFR 1005.32(b)(4).

<sup>10</sup> For more information about selecting a sample, refer to the “Sampling Methodologies” booklet of the *Comptroller's Handbook*.

<sup>11</sup> For more information, refer to 12 CFR 1005.32 (b)(5).

<sup>12</sup> For more information, refer to Comment 32(b)(5)–1.

designated recipient's institution,<sup>13</sup> or whether a federal statute or regulation prohibits the bank from being able to determine the exact covered third-party fees required to be disclosed under 12 CFR 1005.31(b)(1)(vi) for that remittance transfer.<sup>14</sup>

- whether the remittance transfer is initiated from the sender's account to a recipient's account within the same bank.
2. If the third-party fees estimate exception does not apply, review a sample of disclosures to confirm via transaction testing that the bank is providing the exact cost, and not providing estimates, of third-party fees for remittance transfers to a particular country.<sup>15</sup>

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<sup>13</sup> For more information, refer to Comment 32(b)(5)-3.

<sup>14</sup> For more information, refer to Comment 32(b)(5)-4.

<sup>15</sup> For more information about selecting a sample, refer to the "Sampling Methodologies" booklet of the *Comptroller's Handbook*.