

How Could U.S. Reforms Affect Remittance Companies

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Q A draft version of the Restoring American Financial Stability Act proposed by U.S. Sen. Christopher Dodd (D.-Conn.) contains an amendment that would directly impact the money transfer industry, including requirements that companies regularly disclose and post exchange rates. How would the bill in its current form affect remittance providers? What are the arguments for and against stronger exchange-rate disclosure?

A **Ricardo Ortiz, an associate, and Javier Ruiz, a law clerk, at Diaz, Reus & Targ, LLP:** "The Senate bill is intended to protect the interests of remitters. This basically means more work for the companies and better service for the users. It represents costly requirements for the money transfer enterprises. They are supposed to post a daily disclosure containing the number of units that they will pay for sends of \$100 and \$200. Yet the complication and difficulty of posting a great amount of disclosures is evident, as exchange rates are not steady but constantly changing. Approximately 70

percent of transfers are done through money transfer companies; nonetheless, the other 30 percent of companies that offer remittance services and face no new requirements because of the legislation should also fulfill the bill's requirements. On the other hand, it means better service for customers due to the amount of information that should help them make better decisions. This may represent more work for money transfer companies but customers will greatly benefit. The transfer enterprises should not consider more work a bad thing, but quite the opposite, it will be an opportunity to become better service providers and give customers more confidence when it comes to transfers. The purpose of protecting remitters should not affect the development of the money transfer companies. However, overlooking customers' needs would strongly affect the growth of such companies."

For more information, please refer to
www.chinalat.com/uploads/file/FSA100519.pdf.

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