Missouri Credit Union Association

July 22, 2011

Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551
Regs.comments@federalreserve.gov

RE: Michael V. Beall, Esq., - Comments on Remittance Transfers
Docket No. R-1419 and RIN No. 7100 AD76

Dear Secretary Johnson:

On behalf of Missouri's 139 credit unions, the Missouri Credit Union Association would like to communicate that we strongly oppose the proposed rule to regulate debit remittance transfers under the Dodd-Frank Act. We recommend that the definition of remittance transfers not include wire transfers and that a de minimis exception apply to institutions based on the number of wire transfers. We request that wire transfers deposited into an account at a foreign financial institution receive permanent exception status. Lastly, we encourage a much more limited definition of "error".

Definition of Remittance Transfer (§ 205.30(d)(1))

The inclusion of wire transfers in the definition of remittance transfers is unwarranted. Wire transfers, both within the United States and foreign, operate in a highly regulated environment. Forcing foreign wire transfers that originate in the United States to comply with a different set of regulations places a difficult compliance burden on financial institutions and could result in both higher fees and fewer providers available to consumers. Excluding wire transfers to the recipient's account at a foreign financial institution relieves this burden and also provides safe effective options to consumers.

Remittance Transfer Provider or Provider (§ 205.30(e))

The term "normal course of its business" should be defined to include a de minimis exception for smaller financial institutions. We recommend that remittance transfer providers that have 1200 or fewer transfers annually be exempt from the regulation.

Temporary Exception for Insured Institutions (§ 205.32(a))

Providing this exception is welcomed; however, we recommend the following modifications:

1. Remove the sunset provision making this exemption permanent.
2. Apply the exception to wire transfers that credit an account at a foreign financial institution.
3. Allow the financial institution to determine the estimated amount based on current information available within the wire transfer system.

International wire transfers currently operate in a highly structured environment that benefits the consumer. The proposal as written may result in a reduction of service providers and increased fees.

Type of Issues Under the Definition of Error (§ 205.33(a))

The definition of error is extremely broad and includes circumstances that are beyond the remittance transfer provider's control. The provider has a responsibility to correct the errors that it has made, but should not be responsible for the actions of parties that it does not control including:

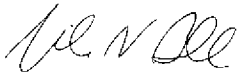
- Unanticipated fees and taxes;
- Transmission delays; and
- A fraudulent pick-up by a fraudulent recipient.

Making the remittance transfer provider liable if the funds are picked-up by a person other than the designated recipient is especially troublesome. The provider has limited resources available to verify the authenticity and identification of the recipient and this burden should fall on the distributing entity. The financial institution's response to this increased risk could impact consumers by increased costs and reduced foreign remittance transfer availability.

In summary, please reconsider the definitions of "remittance transfer" and "error". Also, we request exceptions for institutions with a limited number of transfers and for wire transfers credited to an account at the receiving foreign financial institution. Transmittal of domestic wires directly into an account at a foreign institution is heavily regulated and does not require the additional burden of this proposal.

Thank you for this opportunity to comment.

Sincerely,



Michael V. Beall, Esq.
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