

GAO

Report to the Committee on Banking,
Housing, and Urban Affairs, U.S. Senate

November 2005

INTERNATIONAL REMITTANCES

Information on Products, Costs, and Consumer Disclosures





Highlights of [GAO-06-204](#), a report to the Committee on Banking, Housing, and Urban Affairs, U.S. Senate

Why GAO Did This Study

Remittances are personal funds immigrants send to their home countries. The United States is the largest remittance-sending country in the world, with more than \$36 billion remitted in 2003, according to the International Monetary Fund. The majority of these remittances are sent to Latin America and the Caribbean and they are a very important source of financial flows to many countries. In 2004, the United States, with other countries, pledged to reduce fees for remittances. Remittance senders in the United States can send funds through entities in the formal financial sector such as money transfer operators, banks, and credit unions or other informal means such as couriers. This report provides information on (1) the methods of transmission available to remittance senders in the formal financial sector and the advantages and disadvantages of each, (2) the costs to send remittances through the formal financial sector, and (3) disclosures remittance providers typically provide to senders.

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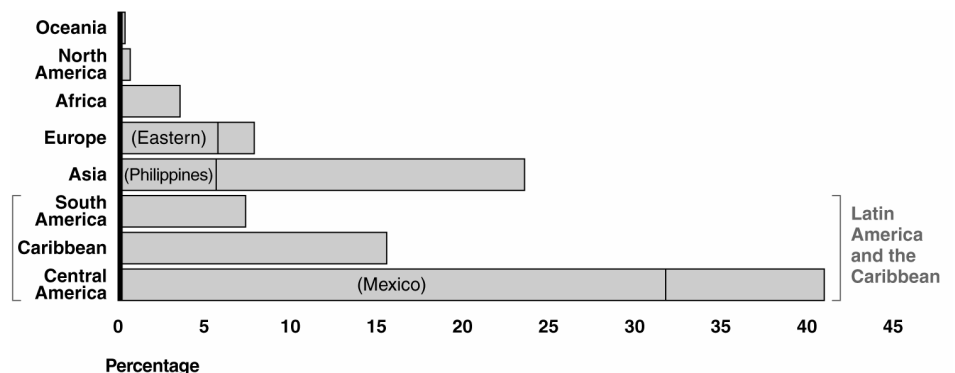
What GAO Found

Remittance senders in the United States have a range of methods available including money transfer operators (MTOs), banks, credit unions, and the United States Postal Service. However, most transactions occur through MTOs. These products range from cash-to-cash wire transfers to account-based transfers, stored value cards, and Internet-based transactions. There are a number of reasons remittance senders continue to choose MTOs over other providers, including their extensive networks and customers' familiarity with their products. Banks and credit unions offer some products at lower cost and the advantage of access to other financial services. However, limited banking hours, language barriers, or inconvenient locations may make it difficult for some remittance senders to use these services. Recently, some federal banking agencies have undertaken initiatives to move more remittances through banks and credit unions and bring these senders into the financial mainstream.

Research shows that competition in the remittance market has resulted in a drop in the cost of remittances from the United States to Latin America and the Caribbean. The standard costs to a remittance sender are the transfer fee and the foreign exchange conversion fee. The costs vary for different products. For example, on average, most providers we spoke with charge approximately \$10 to send \$300 to Mexico using the cash-to-cash method, while providers charge less for products such as dual-ATM cards.

Disclosures we reviewed from remittance providers included information on the transfer fee, the exchange rate, and the right to a refund. The way this information is presented varies by provider, and a sender may have to do additional work to compare costs across different providers. Some efforts are under way to provide consumers with more aggregate information on the cost of remittances across different providers and products.

Regional Destinations of Workers' Remittances Sent from the United States, 2003



Source: GAO estimates based on underlying Bureau of Economic Analysis tabulations.

www.gao.gov/cgi-bin/getrpt?GAO-06-204.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Yvonne Jones, (202) 512-2717, JonesY@gao.gov.

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Abbreviations

ACH	Automated Clearing House
BSA	Bank Secrecy Act
CUNA	Credit Union National Association
DFID	Department for International Development
EFTA	Electronic Funds Transfer Act of 1978
FinCEN	Financial Crimes Enforcement Network
FDIC	Federal Deposit Insurance Corporation
ICBA	Independent Community Bankers of America
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IRnet	International Remittances Network
MTO	money transfer operator
NATF	New Alliance Task Force
NMTA	National Money Transmitters Association
PROFECO	Procuraduria Federal del Consumidor
USPS	United States Postal Service
WOCCU	World Council of Credit Unions, Inc.

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United States Government Accountability Office
Washington, D.C. 20548

November 17, 2005

The Honorable Richard C. Shelby
Chairman
The Honorable Paul S. Sarbanes
Ranking Minority Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate

According to the International Monetary Fund (IMF), in 2003, personal remittances amounted to about \$100 billion for developing countries. These personal remittances can be used for various purposes including basic consumption, housing, education, and small business formation. The United States is the largest remittance-sending country in the world. According to the IMF, in 2003, more than \$36 billion was sent from the United States to other countries. The majority of these funds were sent to Latin America and the Caribbean, and substantial amounts were also sent to Asia and Africa. These personal remittances also serve as an important financial source for some countries. For example, the Inter-American Development Bank estimated that in 2003 remittances to Latin America and the Caribbean exceeded all combined foreign direct investment and official development assistance to the region, and accounted for at least 10 percent of gross domestic product for six countries in the region.

Community groups and some U.S. government officials have raised concerns that remittance senders pay excessive fees to send funds to their home countries. The United States and other major industrialized nations committed in 2004 at the Sea Island Summit of G8 countries to lead an international effort to reduce remittance fees.¹ Another concern raised by community groups is that remittance senders are not obtaining sufficient information on the total cost of the remittance transaction and their rights to dispute transactions. Finally, some federal banking agencies, members of Congress, and community groups have expressed interest in exploring ways to bring a greater percentage of immigrants into the mainstream

¹The Group of 8 (G8) is a group of eight countries: Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States. The G8 Summit brings the heads of state or government of these countries together on an annual basis to deal with the major economic and political issues facing their domestic societies and the international community as a whole. Representatives from the European Union are also involved in the meetings.

financial system, such as by encouraging remittance senders to use banks or credit unions to send remittances.

Remittance senders in the United States have a variety of options to transfer money to their home countries. Senders can use the formal financial sector, which includes money transfer operators (MTOs), such as Western Union and MoneyGram, as well as banks and credit unions. They may also choose the informal financial sector, using options like personal couriers and hawalas—an Arabic word that means “transfer”—to send funds.² Our work focused primarily on remittances sent through the formal financial sector.

In light of the large volume of remittances and the need for better understanding of these flows and the methods that remittance senders use, you asked us to undertake a review of remittances from the United States. Specifically, we examined (1) the methods of transmission available to remittance senders and the advantages and disadvantages of each, (2) the various costs to the remittance sender to use different methods, and (3) information remittance providers disclose to senders and the federal and state disclosure requirements. You also asked us to review available estimates on remittances from the United States, which we plan to address in a separate report.

To examine the methods of transmission available to remittance senders, we developed a set of structured questions and used them to interview selected MTOs, banks, credit unions, and Internet-based remittance providers. We spoke with and reviewed documentation from a total of 28 remittance providers. To examine the various costs to the remittance sender to use different methods, we asked the remittance providers we met with for the transfer fees and any additional fees to send \$300, primarily to Mexico and the Philippines, which are among the largest recipients of remittances from the United States. To examine what information remittance providers disclosed to remittance senders, we asked the providers what they provided to remittance senders during a remittance transaction and also collected and reviewed documentation they provided to us such as receipts, brochures, and terms and conditions they provide to

²*Hawalas* are one type of informal value transfer system often used in places where formal financial transactions are unavailable, expensive, or unreliable. There are different words for similar informal funds transfers in other countries—*fei-ch'ien* (China), *hui kuan* (Hong Kong), *hundi* (India), *padala* (Philippines), and *phei kwan* (Thailand).

consumers. We also reviewed federal and selected state laws to determine disclosure requirements for various remittance products. Appendix I provides additional details on our scope and methodology. We conducted our work from December 2004 to October 2005 in accordance with generally accepted government auditing standards.

Results in Brief

Remittance senders in the United States have a range of methods to send money abroad, including money transfer operators, banks, credit unions, and the U.S. Postal Service. However, most transactions in the formal financial sector—the scope of this report—are conducted through MTOs. In the formal financial sector, mechanisms and products for transferring money offered by remittance providers range from more traditional cash-to-cash wire transfers to account-based transfers, stored value cards, or Internet-based transfers. In the informal sector, remittance senders may use couriers or hawalas, which generally transfer funds outside of the formal financial sector. There are a number of possible reasons remittance senders continue to choose MTOs over other providers, including the extensive network large MTOs have both in the United States and abroad, as well as customers' familiarity with the products MTOs offer.

Additionally, even though the fees remitters incur when using an MTO may be higher than the fees incurred when using other providers, remitters may choose an MTO because it has a name they trust and may offer the convenience of service 24 hours a day. Banks and credit unions offer remittance senders the benefits of deposit insurance and access to other banking products, but limited banking hours, language barriers, and inconvenient locations may make it difficult for them to use this service. Two federal banking agencies have undertaken some new initiatives in an effort to move more remittances through formal financial institutions and bring more immigrants into the financial mainstream.

Research shows that competition in the remittance market has resulted in a drop in the cost to send remittances from the United States to certain regions of the world. For example, according to the Inter-American Dialogue, the cost of sending remittances from the United States to Latin America (particularly Mexico) has fallen since around 2001 and, more specifically, since 2003, the average cost of sending \$250 has fallen from 12.5 percent to 7 percent.³ However, the cost reductions have stabilized

³The Inter-American Dialogue is a center for public policy analysis, exchange, and communication on issues in Western Hemisphere affairs.

recently. Little is known about the trends in costs of remittances from the United States to other regions of the world. The standard costs to remittance senders are the transfer fee and the foreign exchange commission, which is the fee to convert currency. These costs vary for different products and providers. In our review of products from 28 remittance providers, we found that the transfer fee could differ based on provider and product used, the amount sent, and the destination. However, the MTOs, banks, credit unions and the U.S. Postal Service with whom we spoke that offered the predominant cash-to-cash product, had similar transfer fees to send \$300 to Mexico, charging approximately \$10. Additionally, banks offered lower-cost alternatives to send remittances, such as card-based products or account-to-account-based products. For example, the transfer fee to use a dual ATM card to send remittances to Mexico could be as low as \$1.50. The foreign exchange commission can also vary according to factors, such as the provider and product used or the level of competition among sending agents. The results of an Internet tracking exercise we conducted with five MTOs and one bank showed that in general the foreign exchange commissions were lower to Mexico than to the Philippines. Depending on the provider, product, and service used, remittance senders may incur additional costs such as those associated with maintaining a bank account or fees for home delivery.

Providers we met with generally presented remittance senders with basic information on the transaction fee and the exchange rate that would be applied to the transaction, as well other terms and conditions of the transaction, such as a customer's right to a refund. The way in which information was presented varied among providers. Receipts we examined from MTOs, banks, credit unions, and the U.S. Postal Service that offered the cash-to-cash product consistently provided the transfer fee, exchange rate, amount of local currency to be received, as well as information on error resolution, at the time of the transaction. Banks that offered other remittance products, such as account-based transfers, including dual ATM cards, presented disclosures in various ways, such as in a fee schedule given to customers when they opened an account or on a monthly statement. Additionally, disclosure requirements vary based on whether the provider is regulated at the state or federal level, as well as the type of remittance product offered to the customer. MTOs are generally regulated at the state level, and each state may set its own disclosure requirements. For example, California's law requires its MTOs to be licensed and stipulates specific information that must be contained on receipts for each transaction regarding cost and a right to a refund. Montana, on the other hand, has no specific money transmitter laws. In contrast, banks and credit

unions are subject to a specific federal disclosure law. However, some banks we spoke with told us that they believed this law did not apply to all of their remittance products, such as stored value cards. While information on the cost of the remittance transaction is available to remittance senders, they may have to do additional work to compare costs across different types of remittance products because of various fees and types of disclosures. Although there was no consensus among the officials we spoke with on whether customers need additional disclosure information to make informed decisions, efforts are under way to provide some customers with more aggregated information on the cost of remittances across different providers and products. For example, the Mexican consumer protection agency publishes information on the Internet, on transfer fees and exchange rates offered by a cross section of providers sent to Mexico from nine cities in the United States.

We make no recommendations in this report. We requested and received technical comments on relevant sections of a draft of this report from the Bureau of Economic Analysis, the Federal Deposit Insurance Corporation, the Federal Reserve Bank of Atlanta, the United States Postal Service, and the National Credit Union Administration.

Background

Remittances have become an important source of financial flows to developing regions. For some countries, these funds constitute the single largest source of foreign exchange and can often rival foreign direct investment. Table 1 shows that remittance flows for selected countries exceed flows of various economic indicators such as official development assistance, foreign direct investment, and gross national income.

Table 1: Remittances as a Percentage of Various Economic Indicators for Selected Countries for 2003

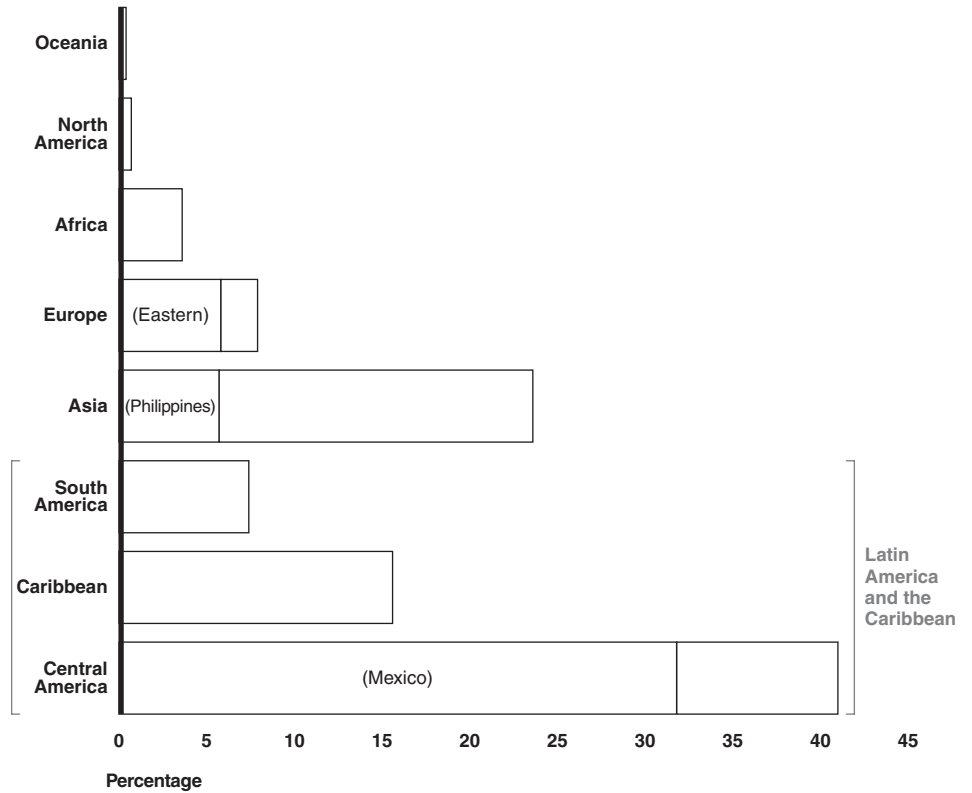
Country	Remittance as a percentage of official development assistance	Remittance as a percentage of foreign direct investment net inflows	Remittance as a percentage of gross national income
Dominican Republic	3,372	750	13
India	1,847	408	3
Mexico	14,148	135	2
Philippines	1,069	2,470	9

Source: World Bank.

Notes: Remittances comprise workers' remittances and compensation earned by nonresident employees. The countries selected are some of the top recipients of remittances in their respective regions.

The United States has historically served as an important destination for immigrants as they seek to improve their economic conditions. According to the 2000 U.S. Census, the 1990s saw the largest increase in the foreign-born population in the United States. These immigrants from various parts of the world have traditionally sent personal remittances back home to help family members pay for basic necessities. As figure 1 shows, the majority of remittances from the United States flow to Latin America and the Caribbean, which includes Mexico, Central America, South America, and the Caribbean. This figure also shows that a large amount flows to Asia, including the Philippines.

Figure 1: Regional Destinations of Workers' Remittances Sent from the United States, 2003



Source: GAO estimates based on underlying Bureau of Economic Analysis tabulations.

As the amount of remittances from the United States has grown over time, more providers beyond the traditionally large MTOs have entered the remittance market. For example, small providers that serve specific remittance corridors (e.g., Chicago to a specific region of Mexico) have started offering remittances. Further, banks and credit unions, in their efforts to attract more immigrant clients, particularly Latinos, have attempted to use remittances as a vehicle to attract these potential clients. Finally, remittance firms on the Internet have also entered the market.

The regulation of remittance providers is done at both the state and the federal level. MTOs are required to register with the Department of the Treasury and prepare and maintain a list of their agents. MTOs in some states are examined for financial soundness by state regulators and are

subject to examinations by the Internal Revenue Service for compliance with the Bank Secrecy Act (BSA), a federal anti-money laundering law. Banks and credit unions are generally regulated by either federal or state banking regulators for both financial soundness and compliance with the BSA.

Remittance Senders Have a Variety of Options Available to Send Remittances but Continue to Predominantly Use MTOs for Multiple Reasons

Remittance senders in the United States have a number of methods and product options available to them when sending money to their home countries through the mainstream financial sector. However, many continue to use MTOs for a number of reasons. A remittance sender in the United States can send money through formal financial channels, such as banks, credit unions, or MTOs. These different providers offer traditional remittance products like cash-to-cash transfers and account-based transfers, as well as newer products like stored value cards. Remittance senders can also use informal value transfer systems to transfer money, such as personal couriers and hawalas. Each type of remittance provider and product has its own advantages and disadvantages. For example, most banks and credit unions we spoke with that offer remittance services only send to Latin American countries, with the majority of those sending to Mexico. Thus, a remittance sender might gain the security of using the mainstream financial sector, but the receiving countries available to the sender may be limited. An MTO may have a wider distribution network but may charge a higher fee for this service, especially for countries where there is relatively little competition. Remittance senders nevertheless continue to use MTOs because of factors such as convenience and trust. In an effort to move more remittances through mainstream financial institutions such as banks and credit unions and bring immigrants into these institutions, some federal banking agencies have undertaken initiatives to encourage remittance senders to use banks or credit unions to send remittances.

Remittance Senders Have a Variety of Formal and Informal Methods to Transfer Funds

There are a number of different types of providers inside and outside the formal financial sector offering remittance services. Traditionally, MTOs have dominated the remittance industry in the formal financial sector. Recently though, more banks, credit unions, and Internet-based providers have started offering remittance services to customers. As more remittance providers enter the market, the range of products has also expanded. Table 2 shows the types of products that may be offered by the different types of

formal providers. Appendix II has a more thorough description of the products offered by the providers we spoke with.

Table 2: Remittance Providers and the Different Product Types They Offer

	Cash-to-cash	Cash-to-account	Account/ credit card-to-cash	Account-to-account	ATM product	Stored value card	Money order
MTOs	X	X	X (via an on-line transfer)			X	X
Banks	X	X	X	X	X	X	
Credit unions	X		X	X			
USPS	X						X
Internet-only providers			X			X	

Source: GAO.

Money transfer operators

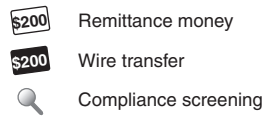
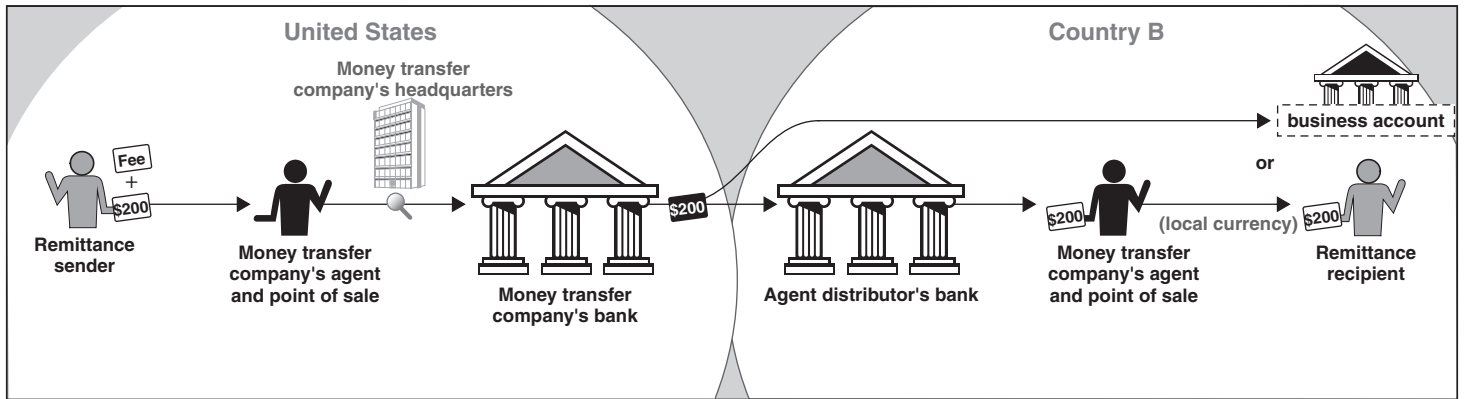
Traditionally, MTOs have dominated the remittance industry in the formal financial sector. One recent estimate from a private research firm states that the four largest MTOs sent approximately 40 percent of remittances from the United States.⁴ Larger MTOs in the United States may serve upward of 170 countries, while some small MTOs may serve only one country or region.

Generally, a sender can walk into an MTO, provide cash to cover the transfer amount and fees, provide basic identification information for themselves and the recipient (most often a name, address, and phone number), and the money will be wired to a specified agent location in the recipient's country. This type of transaction is referred to as a cash-to-cash transaction because a sender provides cash to the money transmitter and the receiving agent pays out cash to the remittance recipient in either U.S. dollars or local currency.⁵ Figure 2 shows how this process operates.

⁴Schatt, Dan, "Global Money Transfers: Getting the Formula Right When High-Tech Meets High Touch," Celent (March 2005).

⁵Some countries, such as Ecuador, have a U.S. dollar-based economy so a recipient can only receive U.S. dollars. Some other countries allow for payout in local currency or U.S. dollars.

Figure 2: Cash-to-Cash Remittance Transaction



Sources: GAO (analysis); Art Explosion (images).

MTOs provide a variety of places to send or receive cash. The majority of MTO users initiate cash-to-cash transactions at an MTO-dedicated storefront or an affiliated agent. Examples of the latter include convenience stores, supermarkets, check cashers, and ethnic-run retail stores.⁶ One MTO we spoke with has moved away from this model in favor of a branch-based system where the company runs all its remittance branches and does not have any contracted agents. All of the branches are located in areas where Latinos live and work. A company official told us the company moved toward this model because it allows greater flexibility in its pricing structure, and the company can pass additional savings on to the customer. Other sending and receiving options offered by MTOs include:

- **Cash-to-account**—This is a relatively uncommon option in which some MTOs have formed partnerships with banks that allow the sender to pay in cash and have the funds deposited in the recipient’s bank account.

⁶These agents receive a commission from each transaction they process. The contracts between the MTO and the individual agents specify if they must follow a fee schedule provided by the MTO, if they can set their own exchange rate, and if they can charge additional fees for the transaction.

One provider we spoke with offers a cash-to-account product to the Philippines. This service allows U.S. dollars to be transferred to the recipient's bank account.

- Web sites—Some MTOs have Web sites where customers can initiate a remittance over the Internet, pay for the transaction with a credit card, and the payout would be received in cash at a corresponding agent location. The MTOs we spoke with that offer transfers over their Web sites said a very small volume of their transactions is conducted this way.
- Money orders—Some MTOs we spoke with also sell money orders that could be used as remittance products. The sender purchases the money order with U.S. dollars and sends it to the recipient, who then cashes it in at a bank for local currency.

Most MTOs we spoke with offering cash-based transactions (for example, cash-to-cash) said that the money is available to the recipient within 24 hours, and some MTOs offer a same day transaction for a higher fee. While most recipients usually retrieve remittances at the provider's place of business, sometimes the money can be delivered to the recipient's home.⁷ Some MTOs also offer a free 3-minute international phone call to senders so they can inform the recipient the money has been sent and one provider we spoke with will send a text message to the recipient's mobile phone alerting them that the money has been sent.

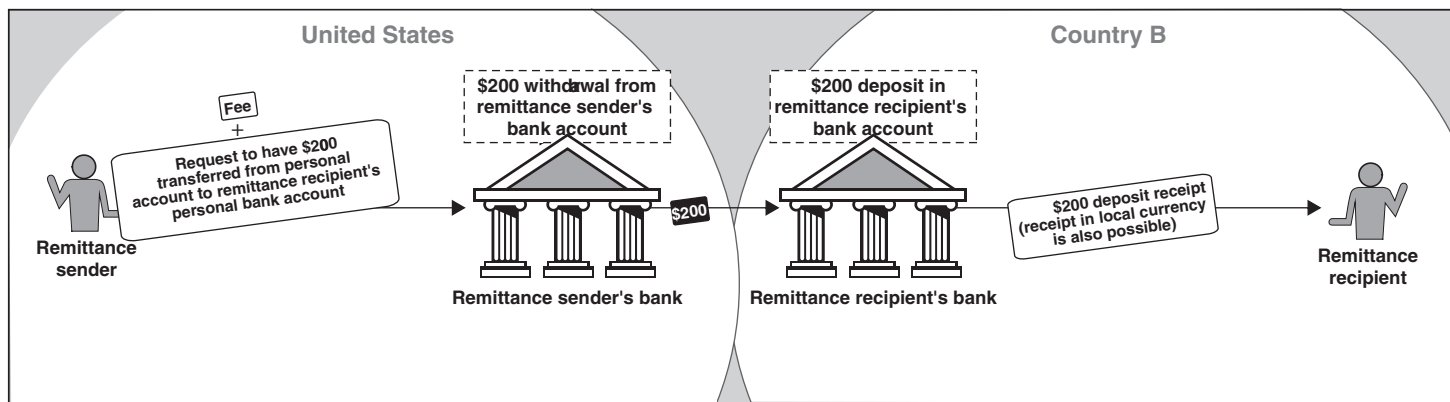
Banks

Both large and small banks have entered the remittance market in an effort to attract immigrants as a new client base. Researchers, as well as officials from the Federal Reserve, estimate that banks accounted for about 5 percent of all international remittances sent from the United States in 2004. Traditionally, banks have wired money from a customer's account to a recipient's account as the primary method for transferring money abroad. This was not marketed as a remittance product, and banks targeted this option at high-volume account holders who send large sums of money for retail or investment purposes, and they generally charge more than the cost

⁷There is usually an additional charge for home delivery, and it is not available in all countries. In some locations where it is offered, delivery staff travel in unmarked vehicles in an effort to avoid becoming victims of robbery.

of a remittance transfer.⁸ Most U.S. banks we identified offering remittance products and services do so only for Latin America, with a few also serving India and the Philippines. Some banks have developed their own remittance products, such as account-based products, which usually require the sender, and in some cases the receiver, to have an account. For account-based products, as shown in figure 3, the money is transferred from the sender's account to the recipient's account (account-to-account) or it is paid out in cash (account-to-cash). Banks offering account-based products usually transfer the money to branches they have abroad or to banks with which they have formed partnerships.

Figure 3: Account-Based Remittance Transaction



\$200 Money transfer between bank accounts

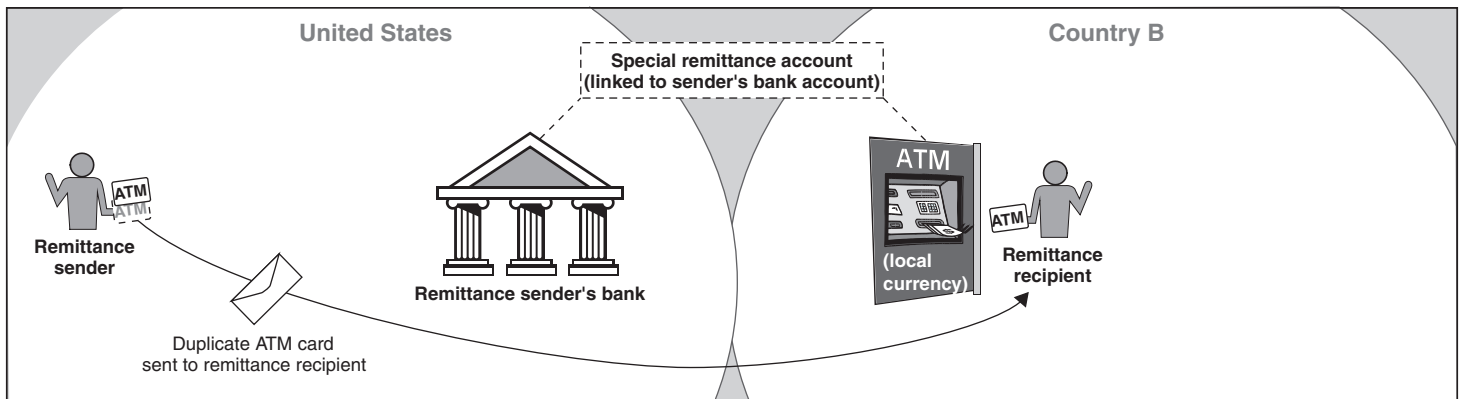
Sources: GAO (analysis); Art Explosion (images).

Some of the larger banks we spoke with have recently acquired Mexican banks, providing them with an instant distribution network for remittances. Banks also offer other remittance options, such as traditional remittances paid for with cash, dual ATM cards, or stored value cards. The cash-based products operate in a manner similar to that described above. Like cash-to-account or account-to-account products, a dual ATM card is linked to a customer's bank account. A recipient could withdraw the money from a special remittance account linked to the sender's regular bank account or directly from the sender's regular bank account or directly from the

⁸Most banks charge around \$40 to wire money internationally.

sender's savings or checking account. If the money is withdrawn from a separate remittance account, the senders can either transfer funds from their accounts into the remittance account or make a deposit directly into the remittance account. We spoke with five banks that are offering a dual ATM product. Three of these banks limit the amount that can be transferred on a daily basis through them to \$200 or \$400 as a security precaution, since they are linked to a customer's account. As shown in figure 4, a remittance sender using this type of product sends an ATM card to the receiver, who can then use it to withdraw money at a local ATM.

Figure 4: ATM-Based Remittance Transaction

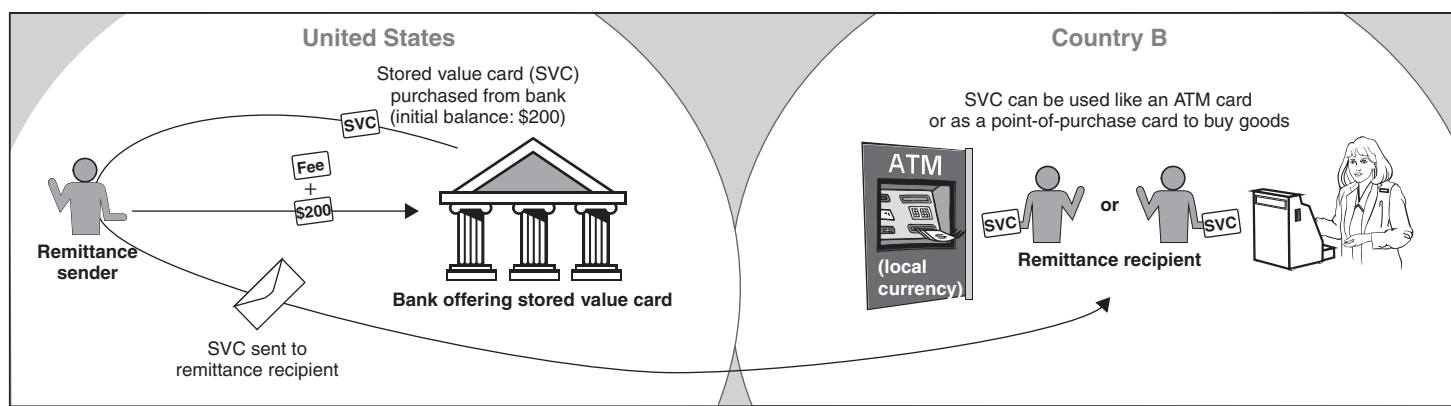


Sources: GAO (analysis); Art Explosion (images).

With stored value cards, as shown in figure 5, senders purchase a card from a bank for a certain dollar amount, which is posted to the card before it is sent to the recipient. This card can also be used to withdraw money from an ATM or used as a point-of-purchase card to buy goods. The card may be reloaded with more funds and is usually branded by one of the major credit card issuers. Three of the 12 banks we spoke with that offer remittance services are offering a stored value card. According to one researcher we spoke with, account-based remittances currently constitute a small part of the total remittance flows leaving the United States, as many immigrants lack bank accounts, are not aware of the products or the technology, or their banks do not offer the service. Two banks we spoke with told us they have opted to act as agents of an MTO and provide cash-to-cash services because this is a low-cost way for them to enter the remittance market. Another bank we spoke with is considering this option because of the low level of interest in the other remittance products it offers. Furthermore,

one community bank told us it has allowed an MTO to open a kiosk in its branch because it does not have the resources to offer its own remittance services, and it wants to meet the needs of its customers.

Figure 5: Stored Value Card Remittance Transactions



Sources: GAO (analysis); Art Explosion (images).

Credit Unions

Credit unions have entered the remittance market in an effort to meet the needs of some of their immigrant clients for lower-cost remittance products and possibly attract new members. Many credit unions in the United States offering remittances do so through an electronic platform developed by the World Council of Credit Unions, Inc. (WOCCU) called the International Remittances Network (IRnet).⁹ IRnet provides credit unions access to the means by which they can offer remittance services. On the sending side, WOCCU has contracted with two MTOs to serve as the transmitter of account-to-account, account-to-cash, or cash-to-cash remittances for IRnet participant credit unions. A credit union that joins IRnet can choose which MTO's services it would like to offer to its members. WOCCU officials told us they provide a choice of MTO to each credit union in an effort to offer remittance senders and receivers more options for transferring and receiving funds. Remittance senders using an IRnet participating credit union can send money to countries in Latin America, Asia, Africa, Europe, and Australia. According to WOCCU, as of

⁹The World Council of Credit Unions, Inc., is an international membership organization for credit unions. WOCCU has members and affiliates in 91 countries.

August 2005, there were 174 credit unions that were members of *IRnet*, the majority of which were located in California and Texas.

Many of the credit unions we spoke with said that remittances are not a significant part of their business. For example, of the seven credit unions we spoke with, one reported that it conducted more than 250 remittance transactions a month through *IRnet* in 2004 and another reported conducting around 80 transactions a month. The other five credit unions we spoke with reported conducting fewer than 25 transactions a month in 2004 with some fewer than 15 transactions for the year.

United States Postal Service

The United States Postal Service (USPS) provides remittance services abroad through international money orders and cash-to-cash wire transfers. Remittance senders can mail international money orders to 30 countries, many of which are sent using USPS's international mail services. Recipients can then cash these money orders either at their destination country's local post office or at banks in destination countries, depending upon the acceptance policies of those post offices and banks. In 1996, USPS entered into a partnership with the Mexican bank Bancomer (now BBVA Bancomer) to offer a wire transfer service called Sure Money, branded Dinero Seguro at participating post offices. The service mirrors traditional money transfer operations, with cash being wired from U.S. post offices to financial institutions that BBVA Bancomer has entered into agreements with, including, but not exclusive to, BBVA Bancomer branches. In order for the recipient to access the money, the sender must provide him with the confirmation number and the recipient must provide proper identification upon pickup of the funds at the participating payout agent. The recipients are not required to have an account with BBVA Bancomer or any of the payout agents to collect funds. In 2004, USPS expanded Dinero Seguro to nine additional countries also in partnership with BBVA Bancomer.¹⁰

Online Providers

Recently, some Internet-based money transfer companies have begun offering remittance services. Unlike traditional MTOs that might allow customers to send money through their Web sites, these MTOs operate solely online and do not have agents or branches. Remittances initiated at an online provider must be paid for with a credit or debit card. On the recipient end, the money is disbursed to either a stored value card or in

¹⁰In addition to operating in Mexico, Dinero Seguro operates to Argentina, Columbia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, and Peru.

cash at a correspondent agent location. We spoke with officials of one online provider who told us they entered the business because they felt they could offer a competitive advantage over physical providers with a lower-cost product and greater convenience. While online remittance providers currently have a small share of the market, a 2005 report on remittances and technology from a communications firm projects that by 2007, more than 5 million foreign-born households will do some form of online banking and at least half of these will use an online transfer or card-based product for remittances.¹¹

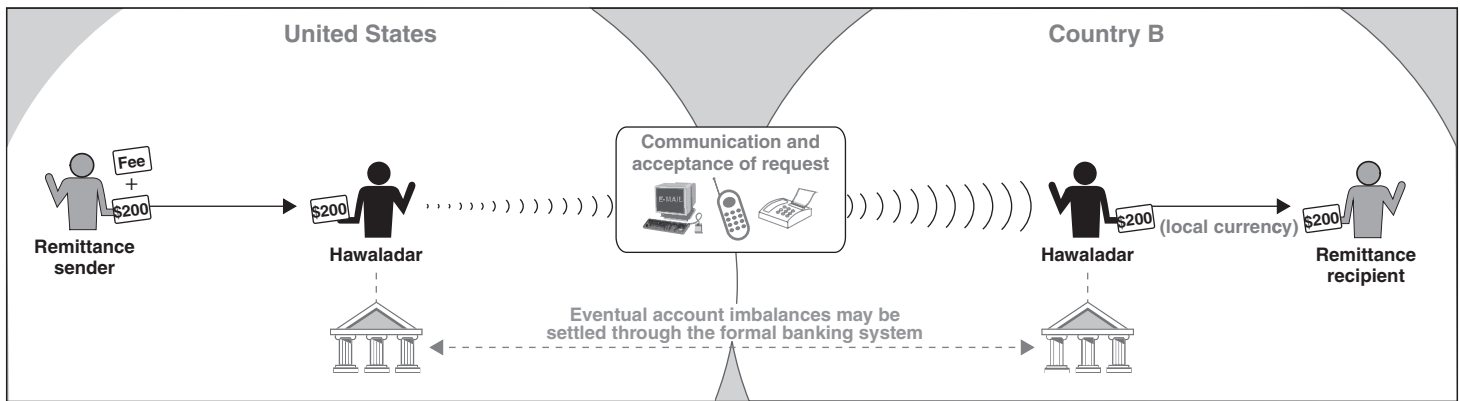
Hawalas and Courier Services

Some remittance senders choose not to send money through formal financial channels. It is difficult to gather information about these informal money transfers, since some of them occur through cultural arrangements with little or no documentation. Informal value transfer systems are often used in places where formal financial transactions are unavailable, expensive, or unreliable. Two common types of informal value transfer systems are courier services and *hawalas*. Courier services carry funds across the border often along with other goods. The courier may hand-deliver the money to the recipient or may have a storefront where the recipient can retrieve it. According to one study on the United States-Mexico remittance corridor, couriers play a significant role in transferring money between the residents in the two countries.¹² The hawala system operates differently. As shown in figure 6, a customer using a hawala would hand cash to the *hawaladar* and request that an equivalent amount be delivered in local currency to the recipient. The hawaladar would then contact a hawaladar in that receiving country and ask that the funds be disbursed to the recipient. In most cases, no fees are discussed. Rather, the transaction cost is factored into the quoted exchange rate or the amount that will be delivered to the recipient. Remittances sent through hawalas are delivered anywhere from within a few minutes to 48 hours, depending upon the urgency and destination of funds. While the hawala system operates in the informal sector, hawaladers often hold bank accounts and use the formal financial channels to settle their outstanding balances.

¹¹Schatt, Dan, "Global Money Transfers: Getting the Formula Right When High-Tech Meets High Touch," Celent (March 2005).

¹²Hernandez-Cos, Raul, "The U.S.-Mexico Remittance Corridor: Lessons on Shifting from Informal to Formal Transfer Systems," The World Bank (February, 2005).

Figure 6: Hawala System for Remittances



Sources: GAO (analysis); Art Explosion (images).

Remittance Providers in the Formal Sector Have Their Advantages and Disadvantages, yet MTOs Remain the Dominant Choice of Provider

There are advantages and disadvantages to the remittance sender of using each type of provider in the formal sector. Factors such as trust in the provider, speed of transaction, reliability and security of the transaction, and cost were all cited by remittance providers and a limited group of senders we spoke with as reasons thought to be important to a remittance sender when choosing a provider and product. Most remittance senders first choose the provider and then choose a product type offered by that particular provider. Remittance senders, though, may be limited in their choice of provider based on the convenience and accessibility of the payout location for the recipient.

Remittance providers we spoke with said that there are a number of possible reasons remittance senders continue to choose MTOs over other providers. For example, MTOs have established extensive networks both in the United States and abroad that allow them to initiate transactions and distribute money in and throughout more countries than any other type of provider. Some of the largest MTOs we spoke with told us they have between 75,000 and 225,000 agent locations worldwide in more than 170 countries. The large numbers of agent locations, including convenience stores, grocery stores, check cashers, and ethnic-run retail stores provide the remittance sender with more locations from which to send funds and may better equip MTOs to deliver money in rural areas than other types of

providers. Six of the 10 MTOs we spoke with said that customers prefer to use them because they have multiple sending or receiving locations. MTOs also offer convenient hours of operation and locations and some may offer service 24-hours a day. Of the 10 MTOs we spoke with, half identified convenient hours of operation as a reason a consumer uses them. In addition, MTOs offer relatively quick and reliable transactions. Many MTOs we spoke with said their cash-to-cash transaction—the most common one they offer—is available within a few hours, and some said within a few minutes. Some MTOs also offer a free 3-minute international phone call to senders so they can inform the recipient the money has been sent. In addition, remittance providers believe that senders are familiar with and comfortable with MTOs and the products they offer and may choose an MTO as a provider because they trust the service the MTO offers. A 2004 study of Latin American immigrants to the United States found that 78 percent of those surveyed used MTOs to send money home to their families.¹³ A similar study of remittance recipients in the Dominican Republic found that 66 percent of them had a bank account, but 84 percent of recipients surveyed received remittances through an MTO either at the agent location or through home delivery.¹⁴

Remittance providers and senders we spoke with said there also are some possible disadvantages to sending money through an MTO. Some remittance senders may find that there are high costs associated with using MTOs. A remittance sender also could encounter language barriers when sending money, especially at some of the agent locations. For example, a sender may go into a chain supermarket that also serves as an agent of an MTO. This supermarket's checkers may not speak the language of the sender since handling remittance transactions is only a small part of their job. A limited group of remitters that we spoke with echoed the concern of the higher cost of using some MTOs.

Remittance providers we spoke with said that banks that offer remittance services have the advantage of offering remittance senders the option of some lower-cost products that are secure and reliable. Bank remittance products, such as dual ATM cards and account-based transfers, tend to be

¹³Bendixen and Associates, "State by State Survey of Remittance Senders: U.S. to Latin America," (April 2004).

¹⁴Multilateral Investment Fund and the Inter-American Development Bank, "Sending Money Home: Remittance Recipients in the Dominican Republic and Remittance Senders from the U.S.," (November 2004).

lower in cost than cash-based products offered by MTOs. As discussed in greater detail in the next section, the bank products we looked at had transfer fees ranging from no charge to \$10.00 for a \$300 transaction to Mexico, while the range of transfer fees for sending this amount through an MTO, according to those we spoke with, was \$4.90 to \$15.00.

One barrier to using a bank for some remittance senders is that the senders may be required to have a bank account. Of the 12 banks we spoke with that are offering remittance products, 9 require a remittance sender to be an account holder for at least one of their products, and some of the others offer lower fees to account holders. Providers said that many immigrants may have come to the United States from countries with unstable banking systems and may distrust banks; others may think they do not have the proper documentation to open an account. Four banks we spoke with told us that lack of proper identification may keep someone away from using their remittances services. The banks offering remittance services that we spoke with all accept the Mexican consular identification card as a valid form of identification.

Additionally, limited banking hours, language barriers, or inconvenient locations may make it difficult for an immigrant to use this service. Five banks we spoke with said their inconvenient location may be a barrier, while three said limited hours of operation may be a barrier. Most banks we spoke with are not open in the evenings or on the weekend, when immigrants often have time off from their jobs to take care of personal business. Some of these banks have or are considering opening branches in communities where immigrants live and work and are offering expanded hours in an effort to make their services more accessible to this market. In an effort to serve more customers, one community bank we spoke with has addressed this issue by opening a kiosk in a Latino grocery store that offers extended hours 7 days a week. Most of the tellers of this bank are bilingual in an effort to better serve the community they work with. This bank told us the grocery store is also an agent of a large MTO, and it has been able to draw many of these customers to its remittance product as it is offered at a lower cost than others and the bank has been able to bring them into the formal banking sector at the same time. Another bank said it had remodeled a branch in a predominantly Latino community, and the decor will have Mexican art and a color scheme that will remind customers of their homeland.

Trust in the provider, low cost of service, reliability and security in the transaction, and language accessibility were all advantages cited by credit

unions we spoke with as reasons customers use them to send remittances. Six of the seven credit unions we spoke with cited low cost as a reason customers use them to send remittances. The *IRnet* remittance service used by most credit unions offering remittances is offered as a lower-cost alternative to MTOs. Five of the seven credit unions we spoke with told us that those who use their remittance services are attracted to the service because of the security of the transaction. They also mentioned that many of their tellers speak Spanish, the language of the majority of those sending remittances. Perhaps the most significant disadvantage to using a credit union for remittances is that of access. That is, credit union services may be limited to those who are members. If someone is not a member or does not have an account at the credit union, that person cannot use any of the services offered. All seven credit unions we spoke with cited this as a disadvantage. Some of the credit unions we spoke with said they would consider offering remittance services to nonmembers in the hopes of drawing those people in as members if they could get the proper approval from their regulators. Other reasons an immigrant may not use a credit union are similar to those for a bank, including inconvenient locations (four of the seven credit unions we spoke with cited this reason), perception that the remitter lacks the proper identification to open an account, and the slow transaction time.

USPS officials said that the advantages to remittance senders of using their services are the reliability and security of the transaction, low cost, and trust in the provider. These officials believe sending remittances using USPS offers a level of security to some senders that other providers may not afford, since transfers are being conducted by an independent establishment of the U.S. government and USPS is a name many people trust and are familiar with. Additionally, USPS offers both of its products at a competitive cost (see the section on costs for a comparison of the cost of these products to others). USPS also has the advantage of offering other products and services that many people use (such as mailing and stamps), so it may be a convenient option. Disadvantages to the remittance senders in using USPS include possible language barriers, inconvenient location for pickup, and inconvenient hours of operation of either the USPS locations or payout agents. USPS employees may not speak the language of the remittance sender, and the lack of a common language could be a barrier to a transaction. Furthermore, most USPS locations are open during standard business hours during the week (8 a.m. to 5 p.m.) and weekend hours are limited.

Some Federal Banking Agencies Are Involved in Initiatives That Use Remittance Products and Services as a Means of Bringing Immigrants into the Mainstream Banking Sector

In an effort to bring immigrants into the formal banking system, some federal government agencies (in conjunction with certain foreign governments, banks, credit unions, and community groups) have launched two new efforts: the New Alliance Task Force (NATF) and the Federal Reserve Automated Clearing House (ACH) International wire transfer service (Directo a Mexico). These efforts intend to provide banking services primarily for Latin American immigrants in the United States.

The NATF—an initiative focused on providing accounts with low-cost remittance services and financial education to immigrants—is a partnership formed in Chicago in 2003 by the Federal Deposit Insurance Corporation (FDIC), the Mexican consulate, banks, and others. According to FDIC, as of September 2005, the NATF was composed of 65 members, including 40 banks, government agencies, and nonprofit advocacy and community groups in the Chicago and Milwaukee areas.

FDIC reported that as of September 2005, more than 10,000 people had participated in NATF financial education workshops and more than 50,000 new bank accounts had been opened by those living in the areas where the NATF is active. The Mexican consulate participates in this effort by providing immigrants who come to the consulate or mobile consular sites with financial education on opening and using a bank account and educating banks about the Mexican consular identification card (also known as the *matricula consular*) as a valid form of identification for opening an account. Most banks or credit unions we spoke with said that they require two forms of identification, one of which usually is a photo identification. If an immigrant does not have a driver's license or other identification, he or she may avoid the banking sector. The banks involved with the NATF all accept the *matricula consular* card and other valid forms of identification. Many have started offering remittance products to customers as a means of attracting them to the bank.

NATF-based initiatives have recently been launched in Austin, Texas, and Los Angeles, California. Additional NATF programs are planned for other cities across the country in the coming months. FDIC officials told us that banks have been eager to get involved in these initiatives because of a strong interest among banks and community leaders to bring immigrants into the financial mainstream.

The Directo a Mexico service began in February 2004 and allows a customer of a U.S. bank to send money to a recipient with a Mexican bank account at a low cost through the Federal Reserve's ACH network. This

network connects most banks in the United States to the Federal Reserve and allows them to receive and post electronic payments. The Directo a Mexico service operates at a cost of 67 cents per transaction to the bank and, according to officials at the Federal Reserve we spoke with, most banks that offer the service are charging their customers between \$2.50 and \$3 per transaction. The recipient bank in Mexico gets a share of the 67 cents, and the bank is not permitted to impose a pickup fee or other fees on the recipient side. Federal Reserve officials also told us that the Directo a Mexico service offers a favorable exchange rate to bank customers. When the program was launched, funds were available 48 hours after they were sent, but the Federal Reserve recently cut the delivery time in half in response to feedback from customers that they would like the money available sooner. As of October 2005, 50 banks in 20 states had enrolled in Directo a Mexico. Federal Reserve officials told us banks have been slow to sign up for this service and, of those that have, a small number are actively using it. Officials said they are making some changes to the program based on feedback they have received and hope that as more banks learn about the service, use will grow.

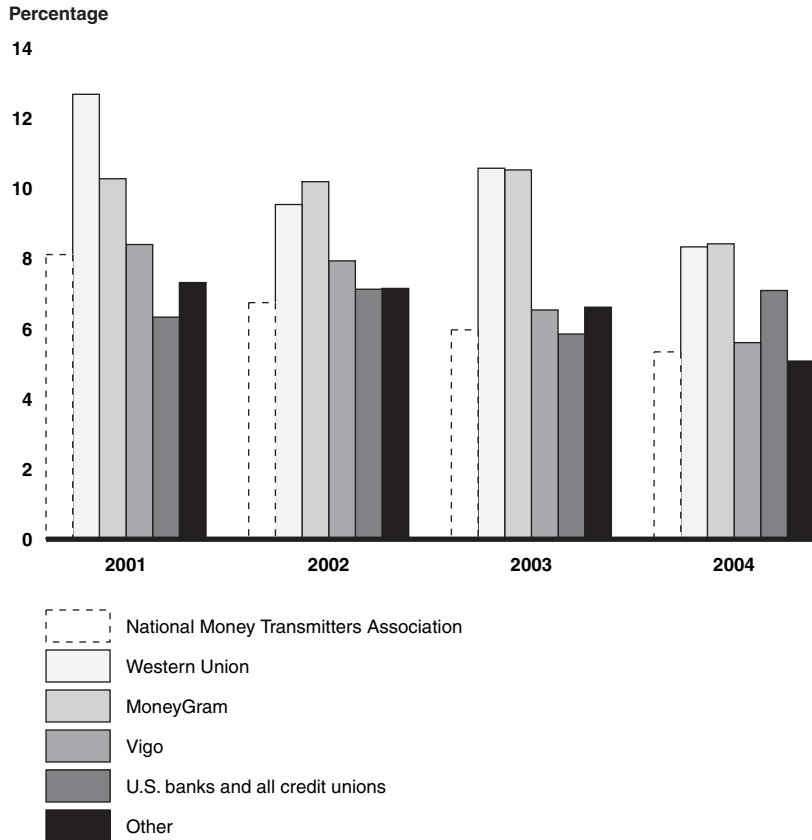
Standard Costs for Sending Remittances to Certain Regions of the World Have Fallen, but These Costs Vary among Providers and Products

Research conducted by the Inter-American Dialogue has shown that an increase in competition in the remittance market has resulted in a decrease in the cost of sending remittances from the United States to certain regions of the world. The standard costs to remittance senders are the transfer fee and the foreign exchange commission, which is the fee to convert currency. These costs vary for different products and providers. In our review of 28 remittance providers we found that transfer fees can vary for numerous reasons, including provider, product type, and the receiving countries we focused on. However, we found that for the cash-to-cash product, transfer fees to send \$300 to Mexico were similar across the providers with whom we spoke. Also, we found that some banks offered card-based and account-to-account-based products that cost less than the cash-to-cash method. The foreign exchange commission also can vary for multiple reasons, such as the provider and product type or the level of competition among sending agents. In the case of Latin America and the Caribbean, the foreign exchange commission has come down since 2001, according to the Inter-American Dialogue. Finally, additional costs outside of the transfer fee and the foreign exchange commission may exist for certain products.

Competition Has Produced Reductions in Remittance Costs from the United States to Latin American Countries

Since the early 2000s, there has been increased competition among remittance providers from the United States to Latin America. The marketplace for remittances to this region has evolved as new players have entered the market. As a result, the total cost to the remittance sender to remit funds from the United States to Latin America has fallen in recent years. For example, according to the Inter-American Dialogue, the total cost of remittances from the United States to Latin America and the Caribbean, particularly Mexico, has fallen since 2001 and the average cost of sending \$250 has fallen from 12.5 percent in 2003 to 7 percent in 2005. However, the price reductions have leveled off recently. Based on the Inter-American Dialogue's analysis of 14 Latin American and Caribbean countries as shown in figure 7, total costs, which include transfer fees and the foreign exchange commission, have fallen for remittances sent across all types of providers since 2001. Among providers surveyed by the Inter-American Dialogue, large national MTOs continue to charge the highest total costs for the remittance senders. According to an official from the Inter-American Dialogue, these higher costs are driven primarily by higher transfer fees rather than higher foreign exchange commissions. Compared with these large national MTOs, banks and credit unions consistently had lower total costs.

Figure 7: The Total Cost of a Remittance Transfer as a Percentage of the Amount Sent by Industry Sector for 14 Latin American and Caribbean Countries, 2001-2004



Source: Inter-American Dialogue.

Note: The total cost includes the transfer fee and the foreign exchange commission. The transactions that were analyzed were cash-to-cash transactions. The numbers of providers that data were collected from varied by year depending on factors such as which providers were in business. Specifically, data were obtained from 45 companies in 2001, 76 in 2002, 75 in 2003, and 60 in 2004. These companies were chosen based on, among other things, the criteria that they served at least one country in Latin America and the Caribbean, were present in at least one state in the United States, and included the largest providers to specific countries in the region. The National Money Transmitters Association (NMTA) has about 12 members, who are typically medium-sized and small providers. The U.S. banks and all credit unions include those institutions that are offering a remittance transfer product either as agents of an MTO or as companies with their own platforms. The selection was based using the list of banks accepting the Mexican consular identification card as well as the list of credit unions that are agents of Vigo or MoneyGram. "Other" includes about 30 providers that are typically smaller regional players and are not members of NMTA.

Remittance Transfer Fees Vary Depending on a Number of Factors

Almost all providers we spoke with charged remittance senders a fee to transfer funds, which varied depending on such factors as the provider, product type, and where the sender initiated the transaction or where the money was received. We found that for the most common cash-to-cash remittance product, the average transfer fees to send \$300 to Mexico were similar in cost regardless of provider. As shown in table 3, among the limited number of providers we spoke with that offered a cash-to-cash product and provided us with detailed cost information, MTOs charged approximately \$11, credit unions charged approximately \$10, USPS charged \$10, and banks charged approximately \$9 to send \$300 to Mexico. There was a greater range for sending \$300 to the Philippines using a cash-to-cash product.

Table 3: Average Transfer Fees to Send \$300 to Mexico and the Philippines for Cash-to-Cash-Based Product Offered by the Providers

Country	MTOs' average transfer fees in U.S. dollars (number of respondents)	Banks' average transfer fees in U.S. dollars (number of respondents)	Credit unions ^a average transfer fees in U.S. dollars (number of respondents)	USPS's average transfer fees in U.S. dollars (number of respondents)
Mexico	\$10.70(4)	\$8.80(5)	\$10.29(6)	\$10.00(1)
The Philippines	12.43(4)	25.00(1)	12.33(5)	Not offered

Source: GAO.

Note: Some providers offered multiple cash-to-cash products or charged different fees typically depending on how the funds were distributed, and in those cases these were included as separate data points in our calculation of the average. Additionally, in this cost summary, we excluded information from providers with whom we spoke who did not supply us with detailed cost information on their remittance products or who were not actively providing remittance products when we met with them.

^aAll customers using remittance services were required to be members of the credit unions we spoke with. Members can debit their account to send a remittance, conducting an account-to-cash transfer. However, all credit unions we spoke with had formed partnerships with an MTO to offer a product that was similar to the typical cash-to-cash transfer product. Therefore, we have categorized credit union remittance products as "account-to-cash or cash-to-cash (MTO)" and have included credit union products in table 3.

Officials of some MTOs we spoke with told us that that the transfer fee they or their agents charged for sending \$300 from the United States to Mexico or the Philippines using a cash-to-cash product could vary depending on the originating and receiving locations. Officials indicated that competition from other MTOs in a certain area was a reason why their transfer fees from various locations in the United States to the same country could

differ. Officials from some MTOs also told us that agreements they had with their various paying agents in the receiving countries could also affect the transfer fee and fees could differ based on the specific location to which the remittance was sent.

Besides the cash-to-cash product, remittance providers we spoke with also offered other remittance products, some of which had a lower transfer fee to send \$300 to Mexico or the Philippines. Table 4 shows the range of transfer fees across the remittance products offered by the 23 providers we surveyed that provided us with detailed cost information. Banks offered a low-cost alternative to send money to Mexico through account-to-account transfers. Four banks we spoke with, three large national banks and one community bank, provided this service with transaction fees costing up to \$8, generally to send between \$1,000 and \$3,000 to Mexico. To use this product, typically both the sender and the receiver were required to have accounts at a participating bank. However, the community bank that offered this service through the Federal Reserve's Direct to Mexico service enabled nonaccount holders to send cash for a higher price of \$4.00 instead of \$2.50 for account holders. Additionally, two other banks enabled the recipient to pick up cash when money was sent to Mexico, and in one case, the bank charged the sender \$8 to enable a cash pickup instead of \$5 to send funds to a bank account. Of the banks we spoke with, only one large national bank provided an account-to-account transfer service to the Philippines and charged \$8 to transfer up to \$1,000 per day. As discussed earlier, however, banks have around a 5 percent share of the remittance market; thus these products while less costly, are used to a much lesser extent than the cash-to-cash product.

Table 4: Range of Transfer Fees to Send \$300 to Mexico and the Philippines for All Remittance Products Offered by the Providers

Country	MTOs' range of transfer fees in U.S. dollars (number of respondents)	Banks' range of transfer fees in U.S. dollars (number of respondents)	Credit unions' range of transfer fees in U.S. dollars (number of respondents)	USPS's range of transfer fees in U.S. dollars (number of respondents)
Mexico	\$4.90-\$15.00(6)	\$0.00-\$10.00(10)	\$8.00-\$16.00(6)	\$3.25-\$10.00(1)
The Philippines	8.00-\$16.88(6)	2.00-\$25.00 ^a (4)	8.00-\$16.00(5)	Not offered

Source: GAO.

Note: Some banks and credit unions offered the traditional wire product as a way to conduct international transfers. Fees for this product were generally about \$30 or \$40. However, we excluded these products from our summary of costs because they are typically not viewed as a remittance products.

^aOne bank offers remittances through its dual ATM card for free if the customer has a specific bundled set of services with the bank.

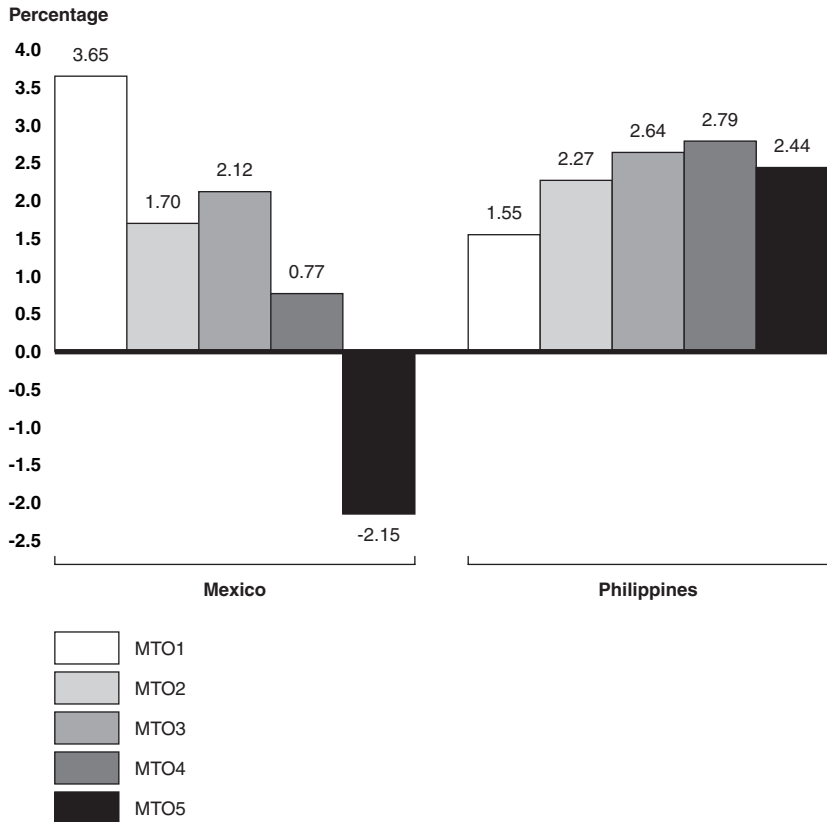
Banks are also providing new lower-cost card-based products, such as dual ATM and stored value cards.¹⁵ For example, to withdraw money using a dual ATM card, U.S. banks typically charge account holders a fee of \$5 or less for each withdrawal, and the withdrawal fee could sometimes be as low as \$1.50. One bank offering an ATM product charged the account holder a fee when funds were deposited into the ATM account or transferred from a separate account for the recipient, and there was no fee charged when the recipient withdrew funds at designated ATMs in the receiving country. Banks we spoke with that offered a stored value card charged the remitter a fee ranging from \$2 to \$10 to load the card. All five banks we spoke with that offered a dual ATM card product required the remittance sender to have an account with them. However, of the three banks we spoke with that offered a stored value card product, only one required customers to hold an account to use this product. However, one bank charged a higher fee to nonaccount holders. For a more detailed presentation of the transfer fees and additional costs of the different remittance products among the 28 providers we interviewed, see appendix III.

¹⁵At the time of our study, two MTOs we spoke with also provided a stored value card product, although one MTO provided this product only through a specific bank in Mexico. Other MTOs were considering offering this product.

Foreign Exchange Commissions Also Vary, but, Fees Have Fallen for Some Countries

Most remittance providers also charge a fee to convert currency, that is, to change U.S. dollars into local currency. Customers generally receive a “retail” price for the conversion of U.S. dollars to the local currency. This quoted price is normally higher than what providers pay to originally purchase the currency. This difference is known in the industry as an exchange rate spread, and the higher the spread, the less advantageous it is to the remittance sender. We attempted to gain an indication of the average percentage difference between the exchange rate offered by five MTOs to remittance senders and the exchange rate set by the central bank of the recipient country. We obtained exchange rate information for these MTOs over the Internet for transfers distributed in cash funded through a credit card or a bank account for a 35-day period from mid-June to the end of July 2005. (See app. I for more detail on our methodology.) We found that, on average, the exchange rate spread for Mexico among these five MTOs ranged from negative 2.15 percent to 3.65 percent, as shown in figure 8. The MTO that offered a negative 2.15 percent exchange rate spread, offered on average a better exchange rate than the central bank rate. Figure 8 also provides the average exchange rate spread for the Philippines among the five MTOs. For the Philippines, in general the MTOs had a higher exchange rate spread than for Mexico, with the exception of MTO 1. In addition, for one bank, we obtained exchange rate information over the phone for its account-to-account transfer product to Mexico and dual ATM card for the Philippines. Its exchange rate spread was 2.59 percent for Mexico and -0.04 percent for the Philippines.

Figure 8: The Average Percentage Difference in Exchange Rate from the Central Bank Rate Offered by Five MTOs, June-July 2005

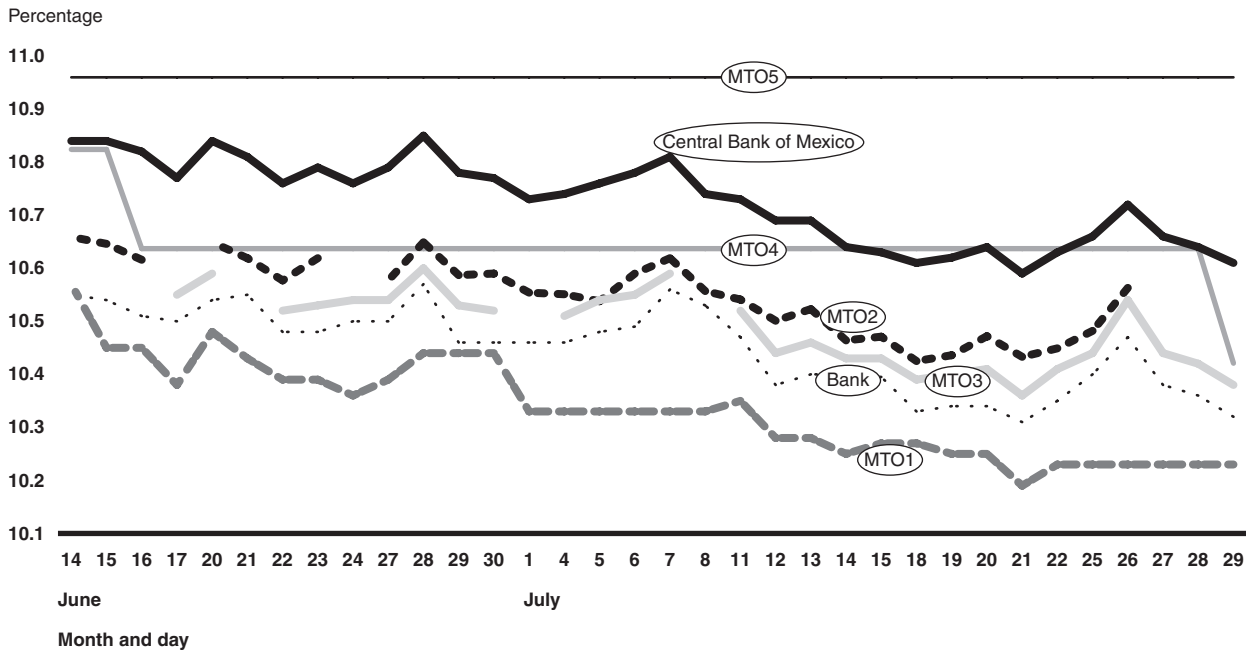


Source: GAO.

Note: The average percentage difference was calculated by taking the daily difference between the providers' exchange rate and the central bank rate divided by the central bank rate and computing the average of all available days. A negative value means that on average, the provider offered a higher exchange rate to the remittance sender than the rate established by the central bank. These figures were taken for remittances between California and Mexico and California and the Philippines.

In addition, when comparing the daily exchange rate offered by all six providers with the rate offered by the Central Bank of Mexico, they all follow a pattern of a decreasing rate over time, as shown in figure 9. One provider offered a fixed rate over this period, which was higher than that offered by the Central Bank of Mexico.

Figure 9: The Exchange Rate Offered by the Six Providers and the Central Bank of Mexico, June-July 2005

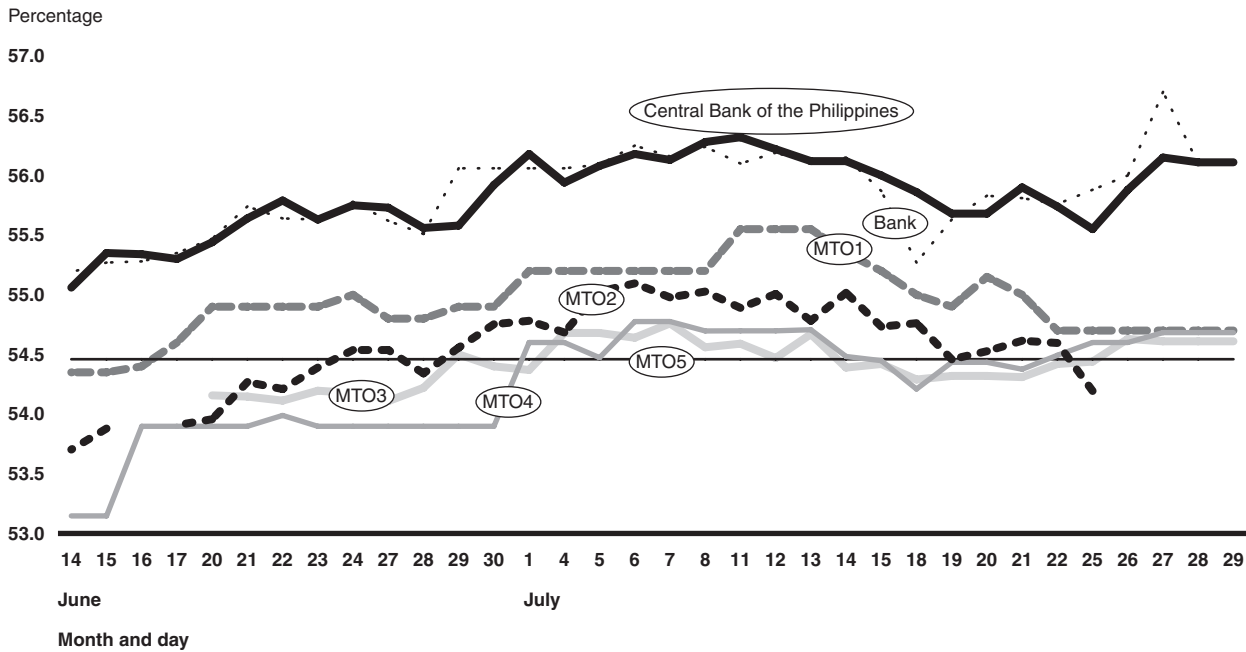


Source: GAO.

Note: Gaps in the line indicate that data were missing for that particular day.

For the Philippines, the exchange rate offered by the six providers and the Central Bank of the Philippines followed somewhat of an increasing trend, as shown in figure 10. For the most part, all of the providers offered an exchange rate lower than that of the Central Bank over the time period we looked at.

Figure 10: The Exchange Rate Offered by the Six Providers and the Central Bank of the Philippines, June-July 2005

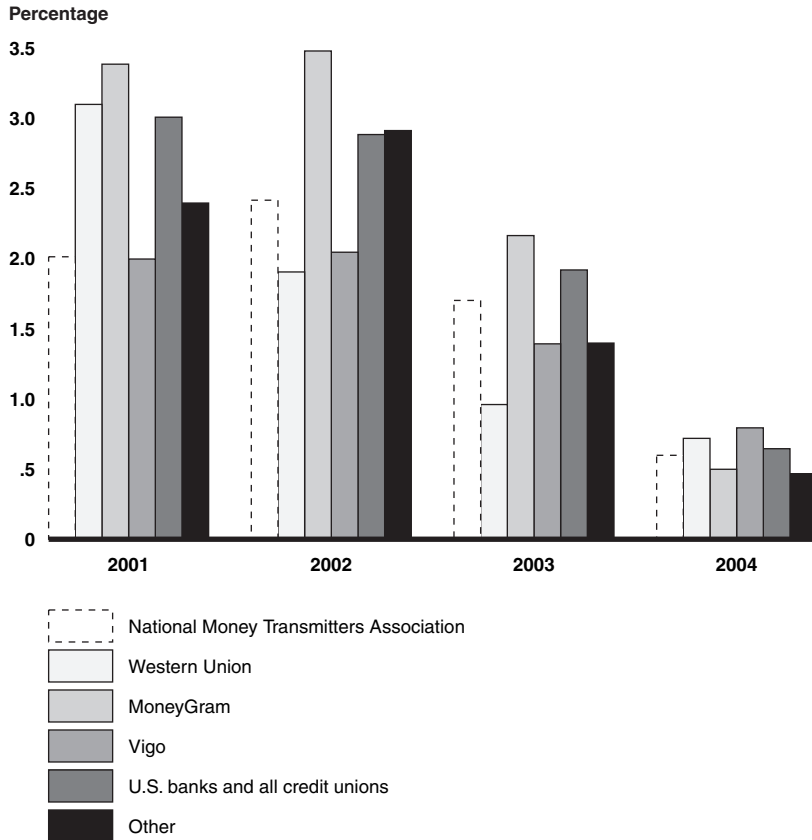


Source: GAO.

Note: Gaps in the line indicate that data was missing for that particular day.

Research conducted by the Inter-American Dialogue between 2001 and 2004 on the cost of currency shows that the exchange rate spread for remittances to Latin America and the Caribbean has decreased since 2001, as shown in figure 11. In particular, the research shows that the exchange rate spread had significantly fallen by 2004. For Mexico, this is consistent with what we were told by an official from a company that works with entities in the United States, such as large banks, credit unions, and national MTOs, to facilitate transfers to Mexico. He told us that he did not see a great deal of variation in the exchange rate spread among approximately 200 client companies. He stated that most companies charged a 1 percent to 1.2 percent spread.

Figure 11: The Exchange Rate Spread among Various Remittance Providers to 14 Latin American and Caribbean Countries, 2001-2004



Source: Inter-American Dialogue.

Remittance providers we spoke with said that the spread on the most popular cash-to-cash product can vary for different reasons. For example, some providers said that contracts with paying agents in each country could affect the spread, as well as the amount of currency a provider purchases. Officials from some MTOs that we spoke with said competition between sending agents could influence conversion rates. Most banks and credit unions that had partnerships with MTOs to provide the cash-to-cash-based service told us that the partner MTO set the exchange rate.

For other remittance products, the exchange rate offered to customers was determined in varying ways. Large national banks we spoke with that offered account-to-account transfers generally told us that they, with their

partner banks in receiving countries, determined the exchange rate. The exchange rate offered to customers who use the Directo a Mexico service is a 0.21 percent markup from the wholesale rate determined by the Central Bank of Mexico. For the card-based products, such as the dual ATM or the stored value card, providers we spoke with indicated that other institutions such as banks in the receiving country or credit card associations generally determined the exchange rate each time the card was used.

**Additional Costs May Exist,
Depending on Provider,
Product, and Service
Offered**

While the transaction fee and the foreign exchange commission apply in almost all remittance products we examined, consumers may incur additional fees, depending on the provider, product, and service offered. For example, one MTO we spoke with told us consumers may incur additional fees to send funds to rural areas, use home delivery, pay with a credit card, or receive a confirmation that the money was sent. The MTO said that it disclosed such fees to the customer at the time of the transaction. MTOs and banks that offer stored value cards may also charge additional fees to initially purchase or set up the card, deliver the card to the recipient, or maintain the card on a monthly basis.

Additionally, because some products offered by banks and credit unions require customers to hold accounts, indirect fees related to establishing or maintaining an account may apply. Such products were typically lower-cost products, as noted earlier, such as dual ATM cards or account-to-account transfers. Seven of the 10 banks we spoke with offered at least one product that required the customer to have an account. These banks typically charged a fee to open or maintain an account that was waived if the customer met direct deposit or minimum balance requirements. For example, many banks charged a fee of \$3 to \$5 per month if such requirements were not met. All credit unions we spoke with required customers to become a member to use their remittance products and maintain a minimum balance in their account, typically \$50 or less. Most credit unions charged a monthly service fee if members did not meet minimum balance requirements, ranging from \$1 to \$6.

Although State and Federal Disclosure Requirements Vary, Remittance Providers Offer Basic Information on Cost and Error Resolution

Remittance providers we met with generally provided customers with basic disclosure information on the transaction fee and the exchange rate, as well other terms and conditions of the transaction. The way in which disclosure information was presented, as well as what information state and federal regulators required providers to disclose, varied. Judging from the receipts we examined for the cash-to-cash product, providers consistently presented disclosures on costs and error resolution in a single receipt. Disclosures for other remittance products offered by banks were presented to customers in multiple forms or at different times, such as in a fee schedule when customers first opened an account or on a monthly statement. Because of various fees and types of disclosures, it may be difficult for customers to comparison shop across different types of remittance products. There is no consensus among the officials we spoke with on whether customers need additional disclosure information to make informed decisions. However, efforts are under way to provide some consumers with more aggregated information on the cost of remittances across different providers and products.


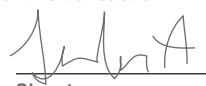
Remittance Providers Consistently Presented Disclosures on Costs and Error Resolution for Cash-to-Cash Products, but Disclosures Varied for Other Remittance Products

Remittance providers disclosed cost and error resolution information to their customers in varying ways. Most of the MTOs, banks, and credit unions we spoke with offering the predominant cash-to-cash product provided customers with a receipt at the time of the transaction detailing cost information and terms and conditions of the transfer.¹⁶ Receipts we examined from providers of the cash-to-cash product, including MTOs, banks, and credit unions, contained information on the transfer fee, the exchange rate applied for the transaction, and the amount paid to the recipient. Figure 12 provides an example of cost information found on a typical receipt. Additionally, providers we spoke with offering cash-to-cash products that provided us with receipts displayed information on their receipts in English and Spanish regarding the terms and conditions for a customer's right to a refund as well as a customer service telephone number. One MTO that focuses on the Philippine market presented this information in Tagalog. Some providers of cash-to-cash-based products disclosed on the receipts we examined that they made a profit from the currency conversion. Receipts we examined for the USPS Dinero Seguro product included the exchange rate applied to the transaction and the interbank rate on the day of the transaction. Officials from USPS told us

¹⁶Internet-based MTOs disclose costs on receipts separately from terms and conditions.

that by providing the interbank rate and retail exchange rate, customers could calculate how much the foreign exchange commission was and use it to calculate the total cost of the remittance transaction. Some providers also indicated that they or their agents informed customers about costs in other ways, such as offering a toll-free telephone number customers can call to learn what the exchange rate was for that day, requiring that customers review and sign the receipt before the transaction is completed, or posting the fees and exchange rate on signage in their stores.

Figure 12: An Example of a Cash-to-Cash Receipt

MONEY TRANSFER OPERATOR 555 Street 5 City, State Zip (555) 555-5555						
Authorized agent Argentina Bolivia Brazil Canada Costa Rica China Ethiopia England Guatemala Honduras Mexico New Zealand Nigeria Philippines Poland Puerto Rico Spain Ukraine U.S. Virgin Islands Venezuela	Receipt (Copy# 2) 0111111223A	Date 09/22/2005	Time 15:08:37	Cashier SMITH JW	U.S. locations Boston Chicago Los Angeles New York Philadelphia Washington DC	
	Sender Sender A 55 Ave X Washington, DC 20548	Customer # 555678910X	Receiver Receiver A	Customer # 01134G5555		
			Receiving Bank Av. Verde 55 Mexico City, Mexico 55555			
	Transaction Record					* PAY IN NATIONAL *
	Exchange rate applied to transaction		AMOUNT: 100.00	Amount of dollars sent		
	Amount in local currency to be paid to recipient		RATE: 10.81			
			NAT: 1,081.00			
			FEES: 10.00	Transfer fee		
			TOTAL: 110.00			
	Folio #11188778899 PIN #: 444 444 4444 PHONE: (800) 555-5555 MTO's Bank, 444 Street 4, City, State Zip (555) 444-4444					
Your signature confirms that: <ul style="list-style-type: none"> • The above information is correct and my responsibility. • Complaints may take 5 to 7 business days to process. • I agree to all terms listed on the back for this transaction. 						
 Signature						

Source: GAO.

In contrast, disclosures on costs and error resolution for other remittance products and providers we examined varied. For example, banks we spoke with offering dual ATM cards told us they usually presented fee information and transaction terms and conditions to customers when they first opened their account or in monthly statements, generally in English, as they would for any bank customer. The exchange rate for card-based products, including the dual ATM or stored value card to send a remittance, is determined by other parties, such as the bank in the foreign country or the credit card association, each time the card is used. Therefore, bank officials told us the remittance sender does not know the exchange rate that the recipient will receive when withdrawing funds from an ATM or using the card at merchants.¹⁷

For account-to-account transfers, banks told us they disclosed fees in various ways. Officials from one large bank told us customers obtained information on the transfer costs in the fee schedule provided when they opened an account, and in brochures provided to the customer. The customer could obtain the exchange rate by calling a toll-free number. Both the transfer fee and exchange rate applied to the transaction would also be itemized on the sender's monthly statement. According to officials from another large bank, customers could conduct account-to-account transfers at an ATM or online, and the machine displayed such information as the fee and the exchange rate, the amount to be transferred in U.S. dollars, and the amount to be transferred in local currency. According to officials from this bank, this information was displayed on the screen and printed on the receipt. They told us that customers could review this information on the screen before completing the transaction. A community bank that was offering account-to-account transfers to Mexico through the Directo a Mexico service disclosed the transfer fee for account holders in a brochure. The exchange rate for this product cannot be specified at the time of transfer because the Central Bank of Mexico determines the exchange rate the following day.

For account-based bank products, such as dual ATM cards and account-to-account transfers, officials from banks we spoke with told us that, like the cost and fee information, terms and conditions of the transaction were also

¹⁷One provider we spoke with that offered a stored value card through a partner bank in Mexico told us that funds are immediately converted into pesos when funds are transferred and the card is loaded with pesos. Thus, the sender knows the exchange rate and the amount to be received by the recipient when the remittance is sent.

generally presented in booklets or pamphlets given to customers when they opened an account with the bank. This information was generally presented in English. These, along with disclosures on fees, were standard disclosures that banks were required to provide to all of their customers who opened an account subject to electronic fund transfers with the bank. Judging from documents we examined, banks typically provided customers with fee information in separate booklets or pamphlets from those that included disclosures on such things as the terms and conditions of the transfer or ATM card, steps to take regarding unauthorized transfers, and telephone numbers to contact in the event of an error.

State Disclosure Laws Vary and Federal Disclosure Laws Do Not Apply to All Remittance Products

Regulations on remittance product disclosures varied based on the provider and product. Disclosures could also vary by state if the provider was regulated at the state level. In 46 states, MTOs are required to have a state license, and some of these states have specific disclosure requirements. We reviewed the disclosure laws and regulations of 15 states. We chose states in three categories: those with over 1 million immigrants; those with immigrant populations of less than 1 million, but more than 380,000; and, those with less than 15,000 immigrants based on the U.S. census of 2000.¹⁸ Among these states, 6 require licensed MTOs to provide a receipt to the customer for each transaction. However, each has varying requirements about exactly what information must be included on the receipt, as shown in table 5. For example, California's regulations specify that receipts must include certain information, such as the exchange rate, the amount of commission or fees, and the total amount to be delivered to the recipient. California also explicitly stipulated the exact language providers must use regarding a customer's right to a refund that must be present on every receipt. In contrast, Massachusetts requires providers to give customers a receipt, but it does not specify what types of information should be presented on the receipt. Additionally, of the states we reviewed, California and Texas specifically require providers to give information on the exchange rate and present information in languages other than English, as applicable.

¹⁸States in the first category were California, Florida, Illinois, New Jersey, New York, and Texas. States in the second category were North Carolina, Georgia, Arizona, Massachusetts, Virginia, and Colorado. States in the third category were North Dakota, Montana, and Wyoming.

Table 5: States Reviewed That Required a Receipt

State	Costs	Receipt contents	
		Error resolution	Receipt language(s)
California	<ul style="list-style-type: none"> • Rate of exchange • Amount of commission or fees • The amount in U.S. dollars to be transferred • Total amount of currency presented • Total amount to be delivered to the recipient 	<ul style="list-style-type: none"> • Right to a refund and the request process 	<ul style="list-style-type: none"> • English and the language principally used by licensee/agent to advertise, solicit, or negotiate if other than English
Georgia ^a	<ul style="list-style-type: none"> • Dollar amount of transmission • Fee charged 	<ul style="list-style-type: none"> • No requirement 	<ul style="list-style-type: none"> • No requirement
Illinois ^b	<ul style="list-style-type: none"> • Amount of the transmission • Service charge 	<ul style="list-style-type: none"> • The licensee's refund procedures • Toll-free telephone number for customer assistance 	<ul style="list-style-type: none"> • No requirement
Massachusetts	<ul style="list-style-type: none"> • No requirement^c 	<ul style="list-style-type: none"> • No requirement 	<ul style="list-style-type: none"> • No requirement
New York	<ul style="list-style-type: none"> • Dollar amount of the transmission • Fee charged 	<ul style="list-style-type: none"> • Statement of licensee's liability if the transmission is delayed or not delivered • Statement of licensee's refund policy 	<ul style="list-style-type: none"> • No requirement
Texas ^d	<ul style="list-style-type: none"> • Amount of currency to transfer • Fees charged • If the exchange rate is fixed at the time of the transaction, the receipt must disclose the rate of exchange; amount to be paid in the foreign currency; and the period, if any, in which the payment must be made in order to qualify for the fixed rate • If the exchange rate is not fixed when the transaction is initiated, the receipt must also disclose that the rate of exchange will be set at the time the recipient receives the funds in the foreign country 	<ul style="list-style-type: none"> • As described in table 6, a notice on how a customer should resolve complaints must be posted or included on receipts 	<ul style="list-style-type: none"> • No requirement

Source: GAO.

^aIn addition, the receipt for Georgia must also include, among other things, the date the order was placed.

^bIn addition, the receipt for Illinois must also include, among other things, the date of the transaction and to whom the money is to be transmitted.

^cMassachusetts law does not include specific receipt requirements, but it says that the receipt used must be a form approved by the state's Commissioner of Banks.

^dIn addition, the receipt for Texas must also include, among other things, the toll-free or local phone number customers can access at no charge to receive information about a currency transmission. If the customer requests, the business must provide the required disclosures before completing the transaction.

In addition to receipt requirements, disclosure requirements for error resolution procedures also varied among the 15 states we reviewed. As shown in table 6, 6 states required such disclosure while the others did not. States with both receipt and error resolution disclosure requirements typically specified that receipts must disclose information such as a customer’s right to a refund, the licensee’s refund policy, or a phone number the customer could call regarding complaints. Florida and Colorado had disclosure requirements, but no receipt requirements, and specified in their laws that licensees must provide contact information for the state department for consumer contacts or complaints. Additionally, among the states we reviewed, some states that did not have explicit disclosure requirements for MTOs in their laws, such as Georgia and Arizona, did provide consumer contact and complaint forms on their Web sites.

Table 6: States Reviewed That Specify Disclosure Requirements for Error Resolution

State	Requires receipt	Disclosure contents
California	Yes	<ul style="list-style-type: none"> As shown in table 5, the receipt must contain a notice concerning the right to a refund and the basic process for obtaining a refund.
Colorado	No	<ul style="list-style-type: none"> Every licensee must post a state-furnished notice that provides consumer information concerning the Colorado Money Transmission Act and how to file a consumer complaint with the state’s banking department.
Florida	No	<ul style="list-style-type: none"> Provider must give customers a toll-free phone number for the purpose of customer contacts or the address and phone number of the appropriate state consumer services office.
Illinois	Yes	<ul style="list-style-type: none"> As shown in table 5, the receipt must include the refund procedures and a toll-free telephone number for customer assistance. Each licensee/seller must post a notice with the name of the licensee and a toll-free phone number for the Department of Financial Institutions, which will provide customer support for suspected violations of Illinois’ Transmitters of Money Act.
New York	Yes	<ul style="list-style-type: none"> As shown in table 5, the receipt must include a statement of the licensee’s liability if the transmission is delayed or not delivered, as well as the refund policy. Licensee’s signage must include a phone number for questions and complaints and a statement that unresolved consumer complaints may be mailed to the Consumer Services Division of the state banking department. Signage must be in English and in any other predominant language spoken by the licensee’s customers.^a
Texas	Yes	<ul style="list-style-type: none"> A notice must be used to let consumers know how to file complaints. The notice should say that complaints should be directed to the state’s banking department and give the address and phone number. The notice must be provided in the language in which the transaction is conducted and must conform substantially with the language in the law. The law provides specific measures to give the required notice, such as how it can be posted and the fact that it may be included on receipts.

Source: GAO.

^aThe law excludes licensees that only sell travelers checks and money orders.

Although state disclosure requirements varied, MTO receipts we examined included information on costs and error resolution, such as a customer's right to a refund.¹⁹ Some MTOs we spoke with that had branches or agents in multiple states told us they typically produced one standard receipt for their agents across the United States and adhered to California's disclosure requirements because of their strictness.

In contrast to MTOs, banks and credit unions are regulated at either the federal level or state level and are subject to federal disclosure laws. The Electronic Funds Transfer Act of 1978 (EFTA) establishes the rights, liabilities, and responsibilities of participants in electronic fund transfer systems.²⁰ Under EFTA, financial institutions must provide specific disclosures to customers, such as any fees imposed by the financial institution for electronic fund transfers, a summary of the consumer's liability for unauthorized transfers, and procedures regarding how errors will be resolved. EFTA also requires that financial institutions generally provide monthly statements as well as receipts at electronic terminals. Receipts must contain information such as the amount of the transfer, which may include a transaction fee if the amount of the fee is disclosed on the receipt and displayed on or at the terminal.

The banks we spoke with indicated they believed EFTA did not apply to all of their remittance products. For example, an official from one bank told us that the act applied to dual ATM cards and international account-to-account transfers, but not cash-to-cash products they offered. An official from another bank that offered customers a remittance product that enabled customers to conduct account-to-account or account-to-cash transfers told us that although remittance products were not subject to EFTA, the bank followed EFTA in providing disclosures for their product. Additionally, EFTA does not specifically extend to stored value cards.²¹

¹⁹Internet-based MTOs provided terms and conditions on their Web sites that were separate from the cost information provided on their receipts.

²⁰EFTA, codified at 15 U.S.C. §§ 1693 *et. seq.*, as implemented by Federal Reserve regulations at 12 C.F.R. Part 205 ("Regulation E"), applies to any electronic fund transfer that authorizes a financial institution to debit or credit a consumer's account. 12 C.F.R. § 205.3(a). Electronic fund transfers covered by EFTA include point-of-sale transfers, ATM transfers, debit card transfers, and transfers initiated by telephone. See 12 C.F.R. § 205.3(b).

²¹The District of Columbia and at least 15 states have extended their money transmitter laws to prepaid or stored value cards; the states are Connecticut, Illinois, Iowa, Louisiana, Maryland, Minnesota, Mississippi, North Carolina, Oregon, Texas, Vermont, Virginia, Washington, West Virginia, and Wyoming.

Consequently, banks that offer stored value cards, make their own decisions on the type of disclosures to provide for this product. For example, disclosures from one community bank offering customers a reloadable stored value card included information on fees to issue and maintain the card, how the exchange rate was determined for international transactions, and the customer's liability in using the card. Such disclosures, however, did not provide information on the fee to reload the card or the maximum amount that could be loaded on the card each time. Additionally, according to officials from a large MTO and a trade organization that represents credit unions, banks and credit unions that have formed partnerships with MTOs to offer a cash-to-cash product are generally viewed as agents of an MTO and follow MTO disclosure laws. An official from one large bank that we spoke with that offered its own cash-to-cash based product provided disclosures on fees and terms and conditions of the transactions to their customers, but indicated the bank did this voluntarily.

Remittance Providers Disclose Certain Cost Information, but Consumers May Need to Do Additional Work to Compare Costs of Different Providers

Judging from disclosure documents we examined, providers of cash-to-cash products typically included information in a single source on cost and error resolution, while providers of other remittance products presented more disparate sources and forms of information. As discussed earlier, disclosure documents for most of the cash-to-cash based products we examined had information on costs and error resolution presented to the customer in a single receipt. Providers generally provided this information in English and another language, typically Spanish. However, on the basis of disclosure documents we examined, we found that providers did not always do this for other remittance products. For example, for an account-to-account transfer product offered by one large national bank, information on the transfer fee could be found in a fee schedule presented to the customer at the time the account was opened as well as on monthly statements. This information was generally presented only in English. The exchange rate that would be applied on the day of the transfer could be obtained by calling a toll-free number. The same bank presented information on dual ATM cards in a similar manner, with information on transfer fees in one booklet and information on the exchange rate and account terms and conditions in another booklet. Additionally, some banks told us that some materials (such as brochures) were provided in multiple languages such as English, Spanish, and for one bank in Tagalog; and other disclosure materials (such as monthly statements) were provided in English, but not in other languages.

Because of various fees and types of disclosures, it may be difficult for customers to comparison shop across different types of remittance products. For the cash-to-cash product, providers typically disclose transfer fees on a single receipt, so the fees are comparable. However, because the cost of a remittance is based on two components, the transfer fee and the exchange rate spread, customers may need to do additional calculations to compare the total cost across providers. For example, one provider may charge a higher transfer fee, but a more favorable exchange rate, while another provider may charge a lower transfer fee, but a less favorable exchange rate. Additionally, comparing costs across other remittance products could be more complicated for the remittance sender if there are additional fees that are not related to the remittance itself, such as a fee to open or maintain an account for account-to-account products. For other products, such as some card-based products, providers may not disclose all cost information at the time of the transaction, such as the exchange rate, because this is determined at the time the card is used.

There was no consensus among the officials we spoke with about whether customers use current cost and disclosure information available to them to comparison shop. Some remittance providers, community groups, and experts believed remittance senders shopped around and were very aware of the exchange rate and transfer fees, while others believed that senders were not aware or paid less attention to such costs and did not shop around. Additionally, in informal discussions with limited groups of immigrants who send money home, some immigrants told us they are aware of costs, including the exchange rate, and these are a factor in their choice of provider. However, other factors affect their choice of provider, such as location, the security of the transaction and trust in the provider. Some of these immigrants also indicated that it was not difficult to find out and compare exchange rates, but that they did not have time to do so.

Moreover, there was no consensus among officials we spoke with about whether additional disclosure information would be useful for customers to make better informed decisions. Some experts and officials we spoke with believed that information currently disclosed on receipts of large national MTOs was sufficient for the customer to make informed decisions. They also did not believe additional information, such as the exchange rate spread, needed to be disclosed on money transfer receipts. Other officials noted that with some products, such as the Directo a Mexico service, it may be difficult to require providers to disclose a fixed exchange rate at the time of transfer because the exchange rate for such products is not set at that time. In contrast, other experts and community groups believed more

information could be provided to the customer on the total cost of remittances or aggregated in a way that would enable customers to more easily compare costs across different providers and products.

Although it is not clear whether additional disclosures would be useful to the customer, there are efforts under way to provide some consumers with more aggregated information on the cost of remittances across different providers and products. For example, in 2003 the Mexican consulate in Chicago formed a partnership with Procuraduria Federal del Consumidor (PROFECO), the Mexican consumer protection agency, to publish on the Internet information on the transfer fees and exchange rates for remittances sent to Mexico from nine cities in the United States. An official from the Mexican consulate in Chicago told us that PROFECO relies on voluntary information from a cross section of providers (banks, MTOs, and USPS) and updates the Web site on a weekly basis. The United Kingdom has used a different approach. There, the Department for International Development and the Banking Code Standards Board commissioned a survey to examine the costs of 22 money transfer providers to six target countries. A 2005 report contained these survey results, which are part of a public awareness campaign to provide information to consumers through pamphlets and on the Internet.²² Such information includes the names of providers in the United Kingdom that send remittances to the targeted countries, transfer fees associated with these providers, and the method by which remittances are sent. The Internet site also directs users to a privately owned Web site to obtain information on current market exchange rates. One researcher we spoke with is in the process of developing a score card on remittance providers that will include information on fees, the estimated amount of commission a provider makes on the foreign exchange of the currency, the provider's presence in certain geographic areas in the United States and abroad, and the extent the company is involved in economic development in the receiving country. This researcher told us that providers have been eager to provide this information, as they feel they will be rated higher than their competitors. This researcher also believes this information will be helpful to consumers in making better informed decisions.

²²United Kingdom Government's Department for International Development, "*Sending money home? A Survey of Remittance Products and Services in the United Kingdom*," (London 2005).

Observations

With the billions of dollars of remittances going from the United States to other countries, there has been an increased interest in serving this market, not only from the traditional MTOs but also from other types of remittance providers, including banks, credit unions, and Internet-only companies. These providers also continue to increase the variety of remittance products they offer, thereby giving some remittance senders more options to send money home. However, many of the banks and credit unions offering remittance services do so only for corridors to Latin America, leaving remitters sending to other parts of the world with fewer choices outside of the traditional MTOs. In their efforts to use remittances as a vehicle to bring immigrants, primarily those from Latin America, into the financial mainstream, the banks and credit unions offering remittance services, in some cases, offer the remittance sender an option that is less costly and more convenient than the traditional cash-to-cash products offered through MTOs.

The banks and credit unions that have been successful in the remittances market have worked at the grassroots level with community groups and local immigrant businesses to educate the community about their products and services. They have also located their businesses in the communities where immigrants live and work and have employed tellers and agents who speak the language of those they are serving. Some federal agencies, such as FDIC and the Federal Reserve, have also undertaken initiatives to bring immigrant communities into the financial mainstream through financial education programs and the use of the Federal Reserve's ACH system, through which banks and credit unions can offer a low-cost remittance product. These initiatives have been conducted in cooperation with Mexican government entities and have been principally targeted at Mexican immigrants. To date, efforts to extend these programs to other immigrant communities have been limited. Despite these efforts, banks and credit unions continue to have a relatively small share of the remittance market. The success that banks and credit unions have in effectively using remittance products as a means of attracting immigrants as customers will depend on how well they understand and address the factors that are important for remittance senders in choosing a provider, including cost, convenience, and trust. It may also require some federal agency efforts targeted at and working in cooperation with governments of other countries to extend initiatives like those aimed at Mexican immigrants to other immigrant groups.

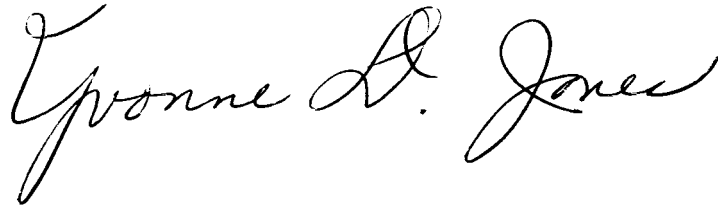
The cost to remittance senders of sending funds from the United States has decreased in recent years for Latin America and the Caribbean, in part because of increased competition in the market. Anecdotal evidence suggests that costs have not come down as significantly for other parts of the world, but there has been no detailed cost research on areas outside of Latin America and the Caribbean. Many of the locations for which prices are still considered high are those without a well-established financial infrastructure, thus making it more difficult for competition to be fostered through new or additional entrants into these remittance markets.

Although community groups raised concerns in the past that remittance senders were not provided with information on the cost of sending funds, the providers we spoke with disclosed information on the total cost of the remittance transaction and remitters' rights in the case of error resolution. These disclosures were made either during the transaction or, in the case of some bank products, at account opening and in monthly statements. Receipts for cash-to-cash transactions were generally provided in English, Spanish, and for one MTO specializing in the Philippines, in Tagalog. However, if remitters speak another language, they may not receive this information in that language. Moreover, the disclosure information provided for account-based remittance products was generally available only in English, which may make it difficult for non-English speakers to understand. In addition, with the wide variety of remittance products and with information presented at different times and not always in the remitter's native language, it is difficult for the remitter to compare the different products and providers to determine the most convenient and cost-efficient method to send funds home. Some remittance providers who are interested in attracting immigrants have provided remitters with remittance disclosure information in their native language and others, such as the Mexican consumer protection agency, have also made efforts to provide immigrants with more information for them to use to make better informed remittance choices. These efforts serve as models for providers who want to serve this market and for others who want to ensure that remittance senders have access to timely and understandable information about the cost of sending funds.

We are sending copies of this report to the Department of the Treasury, the Bureau of Economic Analysis, the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Office of Thrift Supervision, National Credit Union Administration, United States Postal Service, and interested congressional committees. We will also make

copies available to others on request. In addition, this report will be available at no cost on our Web site at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-2717 or jonesy@gao.gov. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.

A handwritten signature in black ink that reads "Yvonne D. Jones". The signature is written in a cursive style with a large, stylized 'Y' and 'J'.

Yvonne D. Jones
Director, Financial Markets
and Community Investment

Objectives, Scope, and Methodology

Our report objectives were to examine (1) the methods of transmission available to remittance senders and the advantages and disadvantages of each, (2) the various costs to the remittance sender to use different methods, and (3) information remittance providers disclose to senders and the federal and state disclosure requirements.

For this report, we developed a set of structured questions and used them to interview officials at 8 money transfer operators (MTOs), 13 banks, 7 credit unions, and 2 Internet-only remittance providers. These sources provided us with descriptive and documentary information on their operations and their different products. Of the 8 MTOs we interviewed, 4 of them were the largest providers in the United States (in terms of dollar volume of remittances) and provided remittance services to multiple countries.¹ The remaining 4 MTOs were medium-sized in terms of dollar volume of remittances, and 2 of these primarily served Latin America, 1 primarily served the Philippines, and the other served multiple countries. Of the 13 banks we interviewed, 8 were large in terms of assets under management and were generally national in terms of locations, 1 was medium, and 1 was a small community bank.² The banks primarily served Mexico and some other Latin American countries, and 2 also served the Philippines, and 1 served India. Of the 7 credit unions we interviewed, 3 were large in terms of assets under management, 1 was medium in size, and 3 were small.³ These providers spoke to us with the understanding that we would not publish their names in our report; therefore, we refer to each of them anonymously. We also interviewed two major credit card associations.

To obtain information about the methods of transmission available to remittance senders, we interviewed officials at the United States Postal Service, the Board of Governors of the Federal Reserve as well as the Federal Reserve Banks of Atlanta, Chicago, and New York; the Federal

¹Large, or tier 1 MTOs are those with remittance volumes of more than \$700 million per year. Medium-sized MTOs are those with remittance volumes of \$100 to \$700 million per year. Small MTOs are those with remittance volumes of less than \$100 million per year.

²Large banks were defined as those with more than \$1 billion in assets. Medium-sized banks were those with assets of \$250 million to \$1 billion. Small banks are those with assets of \$250 million or less.

³Large credit unions are defined as those with more than \$500 million in assets. Medium-sized credit unions were those with assets of \$100 million to \$500 million. Small credit unions are those with assets of \$100 million or less.

Deposit Insurance Corporation (FDIC) in Chicago and Washington, D.C.; the Office of the Comptroller of the Currency; the Office of Thrift Supervision; and the National Credit Union Administration. In addition, we also interviewed officials from the U.S. Department of the Treasury's Office of International Affairs, Office of International Banking and Securities Markets, Internal Revenue Service, and Financial Crimes Enforcement Network, as well as officials from the U.S. Department of State and the U.S. Agency for International Development. We also interviewed trade organizations representing money transmitters, banks, and credit unions. These included the American Bankers Association, the Credit Union National Association, the Independent Community Bankers of America, the National Money Transmitters Association, and the World Council of Credit Unions, Inc. In addition, we interviewed six experts in remittances and reviewed reports that they had developed.

To identify the advantages and disadvantages of the different remittance providers and products, we asked our limited group of remittance providers why remittance senders may or may not use their services. We also asked the government officials, trade organizations, and experts we met with to describe the advantages and disadvantages of the different remittance providers and products. To gain an understanding of the factors that are important to remittance senders when choosing a remittance provider or product, we spoke with a limited group of immigrants from Africa, Europe, and Latin America, in two English as a second language classes in Arlington, Virginia, and a vocational training class in San Francisco, California. We also reviewed two reports that included interviews of actual remitters to Mexico and Latin America.⁴ The reports, among other things, described the reasons why these remitters chose one remittance provider or product over another.

To obtain information on initiatives that are under way to bring immigrants into the formal banking system, we interviewed officials with FDIC's New Alliance Task Force, the Federal Reserve Banks of Atlanta and Chicago, and the Mexican consulate in Chicago.

⁴The Pew Hispanic Center and the Multilateral Investment Fund, "*Billions in Motion: Latino Immigrants, Remittances, and Banking*," (November 2002), Washington, D.C., and the Federal Reserve Board, "*Banking on Remittances: Increasing Market Efficiencies for Consumers and Financial Institutions*," (April 2005).

To identify the cost to the remittance sender of different remittance products, we asked our select group of providers about the fees associated with their various products.⁵ We specifically asked these providers to provide us with the transfer fees and any additional fees to send \$300 to Mexico, the Philippines, Ecuador, and Nigeria. We reported costs on Mexico and the Philippines because they are two of the largest remittance recipient countries from the United States, and most providers we spoke with served both of these countries. Because of insufficient information from the providers we spoke with, we chose not to report transfer fees and additional fees for Ecuador and Nigeria. Some providers noted that the costs they gave us were the costs that most of their customers paid when sending \$300 to these countries, but that they may vary depending on factors such as the specific location from where the remittance was sent or where it was received. We excluded costs of traditional international wire transfers that some banks and credit unions offered because providers we spoke with told us few customers used this service to send remittances. During our interviews of these remittance providers, we also asked them how they set the exchange rate they provided to the remittance sender.

Further, in an effort to determine the difference in the exchange rates offered by different providers with that of a base exchange rate, such as one established by central banks, we conducted an online analysis of exchange rates offered by a select group of 6 remittance providers. We obtained the exchange rate for 5 of the 6 providers on the Internet, and called a 1-800 number to obtain this information for the remaining provider. Five of the providers offered a credit card-to-cash product, and one provider offered a dual ATM product for remittances to the Philippines and an account-to-account transfer and a cash-to-cash transfer product for remittances to Mexico. We specifically looked at the exchange rate to send \$300 from the United States to Mexico, the Philippines, Peru, and Senegal. We chose these countries because of their location and the ability to obtain exchange rate information through the Internet for each country from at least 2 of these 6 providers. We obtained this information, as well as the exchange rate established by the central banks over a 35-day period, excluding weekends. Although most remittance senders do not use the Internet to remit funds, we wanted to understand the fluctuations in the difference between the exchange rates these 6 providers offer to remittance senders compared with a base rate, such as a central bank rate.

⁵One credit union we spoke with did not actively promote its remittance product, and we did not include its cost figures in our analysis.

To obtain information on the total cost of a remittance transaction—the transfer fee and exchange rate spread—we also relied on information a leading expert on remittances had compiled over time on the total cost to remit funds from the United States to Latin America and the Caribbean. We asked the expert a number of questions about his methodology for collecting this information in order to gain an understanding of his methodology and assure ourselves that the data were sufficiently reliable for the purposes of this report.

To identify the information providers are disclosing to consumers on the cost of their transactions as well as their right to a refund and how to resolve errors, we used the set of structured questions to ask the 8 MTOs, 13 banks, 7 credit unions, and 2 Internet-only remittance providers about what they provide to remittance senders during a remittance transaction.⁶ We also asked which disclosure regulations, if any, applied to their remittance products and we collected and reviewed documentation they provided to us such as receipts, brochures, and terms and conditions they provide to consumers. In an effort to compare the different state disclosure requirements for remittance providers, we reviewed state disclosure laws for MTOs from a sample of 15 states chosen for the size of their immigrant populations. We also conducted a review of the Federal Electronic Funds Transfer Act and its implementing regulation, Regulation E, which protects consumers engaged in electronic funds transfers, to understand its applicability to different remittance products.

To understand whether additional information is needed to help customers make informed decisions, we asked government officials, experts, and representatives from community groups whether they believed customers used disclosure information to comparison shop and whether additional information was needed. Additionally, we asked the limited group of immigrants we met with questions regarding costs and disclosures.

To obtain information on current efforts that are under way to provide some consumers with more aggregated information on the cost of remittances, we interviewed a remittance expert and an official from the Mexican consulate in Chicago and the Department for International Development in the United Kingdom. We also reviewed documentation and reports on these initiatives.

⁶One credit union we spoke with did not actively promote their remittance product, and we did not include the method in which they disclose costs and error resolution in our analysis.

Appendix I
Objectives, Scope, and Methodology

Our work was performed in Arlington, Va.; Chicago, Ill.; New York, N.Y.; San Francisco, Calif.; and Washington, D.C., between December 2004 and October 2005 in accordance with generally accepted government audit standards. We requested and received technical comments on relevant sections of this report from the Bureau of Economic Analysis, the Federal Deposit Insurance Corporation, the Federal Reserve Bank of Atlanta, the National Credit Union Administration, the Internal Revenue Service, and the United States Postal Service.⁷

⁷We requested comments from the Federal Reserve Bank of Atlanta because the Directo a Mexico program is run out of this reserve bank.

Description of Products That Are Offered by Providers We Interviewed

Remittance providers offer a variety of products that can work in different ways. Table 7 provides a more detailed description of the products offered by the providers we interviewed.

Table 7: Description of Remittance Products Offered by Providers We Interviewed

Provider type	Product type	Product description
MTOs		
MTO 1	Cash-to-cash (next day)	Cash-to-cash transfer. Delivery is next day.
	Cash-to-cash (same day)	Cash-to-cash transfer. Delivery is generally within 10 minutes.
MTO 2	Cash-to-account	Cash-to-account transfer. Funds are deposited directly into the recipient's bank account. Funds are available to the recipient in 2 hours or less.
	Cash-to-cash	Cash-to-cash transfer.
	Cash-to-cash (home delivery)	Cash-to-cash transfer delivered to the recipient's home within 4 hours. Available in the Dominican Republic and certain destinations in Colombia, El Salvador, Guatemala, Nicaragua, and Peru. An additional fee may apply.
	Cash-to-debit card/ stored value card	Cash transfer to a reloadable debit or stored value card branded by one of the major credit card companies. This service is available to Mexico and the Dominican Republic.
MTO 3	Cash-to-cash/ cash-to-account	Cash-to-cash service involves a customer presenting U.S. dollars and having the recipient pick them up in the local currency. For cash-to-account product, the MTO has agreements with 14 banks in Mexico.
MTO 4	Cash-to-cash (home delivery)	The sender goes into a branch and sends a remittance and the funds are delivered to the home of the recipient. Funds are delivered by a third-party distributor in the Philippines.
	Cash-to-account	Direct deposit is used for those who live in provincial areas in the Philippines and for which home delivery is not feasible. Money is sent in cash to a nearby bank account in the Philippines. The recipient gets a message to pickup his/her money. This is not an individual's savings account, but an account for the bank.
	Cash-to-cash (bank pickup)	This service allows customers to transmit U.S. dollars and have these deposited into a recipient's savings account. A recipient must have an account with a bank in the Philippines to use this product.
MTO 5	Account-to-cash/ account-to-account (Internet-only provider)	Sender sends funds through an existing bank account.
	Credit card or PayPal-to-cash or account (Internet-only provider) ^a	Sender sends funds through a credit card or an established PayPal account.
MTO 6	Cash-to-cash	Cash-to-cash transfer.
	Money order	The money order is purchased at the MTO and sent to the recipient.

Appendix II
Description of Products That Are Offered by
Providers We Interviewed

(Continued From Previous Page)

Provider type	Product type	Product description
MTO 7	Cash-to-cash	Cash-to-cash transfer.
	Cash-to-account	The MTO partners with a bank that transfers the money for it. Customers pay in cash, the system captures the information, and the money is transferred into the recipient's account.
	Cash-to-cash (home delivery)	Cash-to-cash transfer that is then delivered to the recipient's home.
MTO 8	Cash-to-cash/ cash-to-account	Cash-to-cash wire transfer except in Mexico, El Salvador, or Brazil, where the money can be sent to a bank account.
MTO 9	Credit card-to-debit card/ stored value card (Internet-only provider)	Money is sent from a credit card to a reloadable debit card or stored value card. The recipient can withdraw money at an ATM or point-of-sale terminal.
MTO 10	Cash-to-cash/ cash-to-account	Cash-based transfer. Money can be picked up in cash or as a check at a participating bank or deposited into a designated bank account.
	Stored value card	When sending to Mexico, the sender can choose to have the money deposited to a stored value card. This product is offered by a bank. However, the transfer takes place over the MTO's network.
Banks		
Bank 1	Dual ATM	The remittance recipient is sent a second ATM card. The sender must be an account holder at the bank to use this service.
	Cash-to-cash (MTO)	Cash-to-cash transfer initiated at an MTO that rents space from the bank. The customer does not need to have an account at the bank to use this service.
Bank 2	Cash-to-cash/ cash-to-account or account-to-account	Cash or account-based transfer to bank locations in Mexico. The sender does not need to have an account to use the service but the recipient needs an account at the Mexican bank to receive money in an account.
Bank 3	Dual ATM	The remittance recipient is sent a second ATM card. The sender must be a bank account holder to use the service. There is a daily withdrawal limit of \$200.
Bank 4	Dual ATM	The sender holds an interest-bearing account that the recipient can withdraw from. The exchange rate is set at the time of withdrawal. The sender must be a checking account holder at the bank. There is a daily withdrawal limit of \$300.
Bank 5	Dual ATM	The sender opens the account and receives two ATM cards. One of the cards is sent to the family in the country of origin, separately providing the PIN number and directions as to how to access the account. Funds deposited in the account in the United States are directly transferred to family when they withdraw them at any ATM in the country of origin.
	Stored value card	This card allows a person to buy a prepaid MasterCard with a value that is limited to the dollar amount prepaid by the purchaser. The card is not reloadable. Neither the sender nor the recipient needs an account to use the product.
	Account-to-account (Directo a Mexico for account holders)	Recipients must have a bank account at 1 of the 23 participating Mexican banks that are involved with the program. The exchange rate is applied by the recipient bank in Mexico, and it currently takes 24 hours for the funds to be received.
	Cash-to-Account (Directo a Mexico for non-account holders)	Same as above but there is an additional charge for non-account holders.
	Stored value card	The reloadable card is a prepaid MasterCard with a value limited to the dollar amount prepaid by the purchaser, but it can be reloaded by credit card on the bank Web site or by check in person at the bank. No account is needed.

**Appendix II
Description of Products That Are Offered by
Providers We Interviewed**

(Continued From Previous Page)

Provider type	Product type	Product description
Bank 6	Account-to-account/ account-to-cash	Account-based transfer to Mexico only. If the recipient has an account in Mexico, the money can be transferred to that account. There is a limit of \$1,500 per transfer.
Bank 7	Account-to-account	An account-to-account transfer that permits a remitter to send the local currency equivalent of up to \$3,000 per day to a designated recipient's account held with one of the remittance network member banks in Mexico, Guatemala, El Salvador, or India.
	Cash-to-cash	A cash-to-cash transfer to Mexico offered in conjunction with Bancomer Transfer Services. The product allows a remitter to send up to \$3,000 per day to a recipient in Mexico, where funds can be picked up at any Bancomer branch. The remitter need not be an account holder to use this service.
	Account-to-ATM	An account that permits the account holder to designate an authorized cardholder in the Philippines. The account holder receives a separate ATM card embossed with the authorized cardholder's name. The authorized cardholder can withdraw the Philippine Peso equivalent of up to \$400 per day from the account.
Bank 8	Account-to-account	Allows for transfers from the United States to 22 other countries. All transfers must be from an account at the sending bank to an account held by the same bank.
	Account-to-cash	Allows for transfers from the United States to Mexico. The sender must be an account holder but the recipient can pick up cash at a corresponding bank in Mexico.
	Account-to-stored value card	This is a MasterCard branded card for Mexico and has low minimum balance and fees. The customer in Mexico can purchase a card from a Mexican bank and transfers can be made only from a bank account to the card.
Bank 9	Cash-to-cash (MTO)	The bank has partnered with a third-party vendor to offer point-of-payment pickup at non-bank branches. This third party vendor is a money transfer operator. Money is available in 15 minutes.
	Cash-to-account	Same as the product directly above, but in Mexico the money can be deposited into an account.
Bank 10	Account-to-stored value card	The sender transfers money from a bank to a stored value card. The card can be used at any Visa or Plus ATM in the world.
	Cash-to-stored value card	The sender transfers cash to a stored value card. The card can be used at any Visa or Plus ATM in the world. The sender is not an account holder, so there may be an additional charge.
	Cash-to-cash (MTO)	Customers can send funds from the bank to any of the locations where the contracted MTO has a distribution network.
Credit Unions		
Credit Union 1	Account-to-cash/ cash-to-cash	Account-based or cash-based transfer. For an account-based transfer, the money is withdrawn from the sender's credit union account.
Credit Union 2	Account-to-cash/ cash-to-cash	Account-based or cash-based transfer. For an account-based transfer, the money is withdrawn from the sender's credit union account.
Credit Union 3	Account-to-cash/ cash-to-cash	Account-based or cash-based transfer. For an account-based transfer, the money is withdrawn from the sender's credit union account.
Credit Union 4	Account-to-cash	Account-based transfer.
Credit Union 5	Account-to-cash/ cash-to-cash	Account-based or cash-based transfer. For an account-based transfer, the money is withdrawn from the sender's credit union account.
Credit Union 6	Account-to-cash/ cash-to-cash	Account-based or cash-based transfer. For an account-based transfer, the money is withdrawn from the sender's credit union account.

Appendix II
Description of Products That Are Offered by
Providers We Interviewed

(Continued From Previous Page)

Provider type	Product type	Product description
Credit Union 7	Cash-to-cash/ account-to-cash	Account-based or cash-based transfer sent via a corporate credit union.
	Cash-to-cash/ account-to-cash	Account-based or cash-based transfer. For an account-based transfer, the money is withdrawn from the sender's credit union account. The transfer information is entered directly into the MTO Web site.
U.S. Postal Service (USPS)		
USPS	International money order	The money order is purchased at USPS and sent to the recipient.
	Cash-to-cash (Dinero Seguro)	Cash-to-cash transfer.

Source: GAO.

^aAn Internet-based company that allows businesses or individuals to send and receive payments online. PayPal's service builds on the existing financial infrastructure of bank accounts and credit cards.

Transfer Fees to Mexico and the Philippines for the Providers We Interviewed

We surveyed 28 providers and obtained detailed cost information on their remittance products from 24 of them, as shown below in table 8. The purpose of this table is to present a general gauge of pricing based on what officials told us. However, it may not be a comprehensive indication of pricing for all products or services offered by these providers to the specified receiving country.

Table 8: Product Costs of Providers We Interviewed

Provider type	Product type	Transfer fee to send \$300 to Mexico	Transfer fee to send \$300 to the Philippines
MTO			
MTO 1	Cash-to-cash (minutes)	\$15.00	\$16.00
MTO 1	Cash-to-cash (next day)	\$9.99	\$14.00
MTO 2	Cash-to-cash/cash-to-account	Information not provided	Information not provided
MTO 3	Cash-to-cash or cash-to-account	\$9.00	NA ^a
MTO 4	Cash-to-cash (home delivery)	NA	\$13.00
MTO 4	Cash-to-cash (bank pickup)	NA	\$9.00
MTO 4	Cash-to-account	NA	\$15.00
MTO 5	Account-to-cash/account-to-account (Internet-only provider)	\$4.90	\$10.50
MTO 5	Credit card or PayPal-to-cash or account (Internet-only provider)	\$9.10	\$16.88
MTO 6	Cash-to-cash	\$9.99	\$14.00
MTO 6	Money order	Information not provided	Information not provided
MTO 7	Cash-to-cash	\$9.50	\$8.00
MTO 7	Cash-to-account	NA	\$13.00
MTO 7	Cash-to-cash (home delivery)	NA	\$13.00
MTO 8	Cash-to-cash/cash-to-account	Information not provided	Information not provided
MTO 9	Credit card-to-debit card/stored value card	\$14.00	\$14.00
MTO 10	Cash-to-cash/cash-to-account/stored value card	Information not provided	Information not provided
Banks			
Bank 1	Cash-to-cash (MTO)	\$10.00	NA
Bank 1	Dual ATM	\$5.00	NA
Bank 2	Cash-to-cash/cash-to-account/account-to-account	\$9.99	NA
Bank 3	Dual ATM	\$10.00 ^b	NA
Bank 4	Dual ATM	\$1.50	NA
Bank 5	Directo a Mexico/account-to-account	\$2.50	NA

**Appendix III
Transfer Fees to Mexico and the Philippines
for the Providers We Interviewed**

(Continued From Previous Page)

Provider type	Product type	Transfer fee to send \$300 to Mexico	Transfer fee to send \$300 to the Philippines
Bank 5	Directo a Mexico /cash-to-account	\$4.00	NA
Bank 5	Stored value card (reloadable)	\$2.00	\$2.00
Bank 5	Stored value card (non-reloadable)	\$3.00	\$3.00
Bank 5	Dual ATM	\$2.00	\$2.00
Bank 6	Account-to-cash or account transfer	\$0.00	NA
Bank 7	Cash-to-cash	\$10.00	NA
Bank 7	Account-to-account	\$5.00 ^c	NA
Bank 7	Account-to-ATM	NA	\$5.00 ^c
Bank 8	Account-to-account	\$5.00	\$8.00
Bank 8	Account-to-cash	\$8.00	NA
Bank 8	Account-to-stored value card	\$5.00	NA
Bank 9	Cash-to-account	\$3.00	NA
Bank 9	Cash-to-cash (MTO)	\$8.00	NA
Bank 10	Cash-to-cash (MTO)	\$8.99	\$25.00
Bank 10	Stored value card (account holders)	\$8.00	\$8.00
Bank 10	Stored value card (non-account holders)	\$10.00	\$10.00
Credit Unions			
Credit Union 1	Cash-to-cash or account-to-cash (MTO)	\$10.00	\$20.00
Credit Union 2	Cash-to-cash or account-to-cash (MTO)	\$10.00	NA
Credit Union 3	Cash-to-cash or account-to-cash (MTO)	\$10.00	\$10.00
Credit Union 4	Cash-to-cash	NA	NA
Credit Union 5	Cash-to-cash or account-to-cash (MTO)	\$10.00	\$10.00
Credit Union 6	Cash-to-cash or account-to-cash (MTO)	\$8.00	\$10.00
Credit Union 7	Cash-to-cash or account-to-cash (MTO)	\$8.00	\$8.00
Credit Union 7	Cash-to-cash or account-to-cash (MTO)	\$16.00	\$16.00
U.S. Postal Service (USPS)			
USPS	Cash-to-cash	\$10.00	NA
USPS	International money order	\$3.25	NA

Source: GAO.

^aNot applicable (NA) means that officials we spoke with told us provider does not offer this service to the specified country or has never had experience sending a remittance to that country.

^bThe provider told us it charges \$5.00 to the account holder per withdrawal. However, customers can withdraw \$200 each time. Thus, to withdraw \$300, a customer would have to withdraw from the ATM twice and be charged a total fee of \$10.00.

^cThis bank also offers this product for free if the customer has a specific bundled set of services with the bank.

GAO Contact and Staff Acknowledgments

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