

Identification

Since the terrorist attacks of Sept. 11, 2001, rules and requirements are stiffer for opening bank accounts and sending money. This is because the government wants to track money that might be used to fund terrorism. All companies that transfer money overseas must comply with laws to monitor financial transactions. Banks and other financial services companies are required to ask for identification (ID) and report large transactions.

Whether you are sending money with a transfer company or opening an account at a local bank, you need ID. Most companies require a government-issued photo ID, such as a driver's license or passport.

For documented and undocumented immigrants from certain Latin American countries, including Mexico, consulates issue a form of ID called a matricula consular, which in 13 states is accepted as ID when you apply for a driver's license. Hundreds of financial institutions

How to cut remittance costs

- Open a checking account at a credit union or bank.
- Check out the money transfer services at your local post office.
- Keep an eye on exchange rates by checking the business section in the newspaper. Lower than market exchange rates mean you lose money on the exchange and the transfer company makes more profit.
- Avoid using your credit card to wire money, because wire transfers are "cash advances" and trigger fees of up to 4% of the amount you wire.
- Look for a flat fee service—with many money transfer services, the more you send, the more you pay in fees.

nationwide accept the ID as proof of identity when opening a bank account. To qualify for this form of ID, applicants must have a birth certificate, a picture ID from their country of origin and proof of U.S. residency, such as a utility bill.

When opening a bank account, immigrants can use Individual Taxpayer Identification Numbers (ITINs), issued by the U.S. Internal Revenue Service to foreign-born individuals who pay taxes but are not eligible for a Social Security number.

Safety

Money sent overseas using the post office and banks, credit unions and money transfer services usually arrives safely. However, it is very risky to entrust cash to a person—or "courier"—who is traveling to the country or works in the country. Such hand delivery services by a third party are common in areas not served by mainstream money transfer agents. In such situations, see if you can send the recipient a money order.

Once the recipient collects wired money, you have no way to get it back. If you keep your original paperwork, uncashed money orders are refundable. If your debit card is lost or stolen, you must report the loss immediately. If you wait more than two days, you are liable for \$500 of the lost amount, and after 60 days, losses are not recoverable. Stored value card losses do not have these protections. If you lose a stored value card, report the loss to your bank immediately as the bank might be able to block the card. Stored value cards issued by MasterCard and Visa come with "zero liability" promises which means that the bank will replace funds lost to fraud.

Regulations

Many states require money transfer companies to be licensed by the state banking regulator. Most states that compel licensing also require bonding, escrow or insurance to recover lost funds if the company fails.

When you use a wire transfer company, save your receipt and any other documents you were given or asked to sign. Always check the time limit for claiming a refund, in case the recipient never claims the funds.

If you have a problem with an overseas money transfer at a bank, call your state banking regulator for advice.

Consumer Action

www.consumer-action.org

CA's site features free educational materials in Chinese, English, Korean, Spanish and Vietnamese. CA also provides consumer advice and suggests appropriate complaint-handling agencies.

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How to send money home

Tips for transferring money overseas

Many immigrants send some of their earnings to relatives and friends in their home countries. There are several ways to transfer money overseas, and different types of companies can help you do it.

A common but high cost way of sending money to another country is to use money transfer companies such as MoneyGram or Western Union. These companies do not have their own branches, but transfer money through agents in storefronts, convenience markets or check cashers. Typically, the fee for money transfers increases with the amount of money you sending.

You can explore other lower-cost options to send money overseas:

- Money orders, available at banks and post offices.
- Banking services, such as checks, debit cards, electronic transfers and rechargeable stored value cards.
- Special low cost wire transfers available at the post office and selected banks. (Watch out: It can be very expensive to wire money from a U.S. bank if the bank does not offer a special program to help immigrants send money overseas.)

Money Transfer Companies

Money transfer companies accept cash for transfer at walk-in offices or let you transfer money on the Internet or by phone using a debit card or credit card. You let recipients know that you've sent the money and they can pick it up from the transfer company's local agent in their country.

Money transfer companies have higher fees than other companies, but the money is transferred fast—in an hour or less. Poor exchange rates offered by some money transfer companies can reduce the value of the money you send home. (The exchange rate is the price of a foreign currency expressed in U.S. dollars.)

Post Office

The U.S. Postal Service also offers wire transfers—Sure Money or Dinero Seguro—to Argentina, Colombia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Peru. You can send up to \$2,000 per day and recipients can pick it up at branches of certain banks. Identification is required for transfers exceeding \$1,000. Cost varies from \$10-\$20 per transaction, depending on the amount you send. The Post Office warns that when you designate a recipient, the name you provide must exactly match the recipient's name as shown on their ID.

The Postal Service also issues international money orders that can be sent to recipients in 30 countries. They are subject to a maximum of \$700 for each money order and a daily maximum of \$10,000 for multiple money orders. Recipients at banks and post offices abroad can cash the money orders and get local currency. Save the receipts, because you can ask the post office to replace lost or damaged money orders. International money orders valued at up to \$700 cost \$3.25 each. Most banks also sell international money orders, but usually at a higher price.

Banks

Large U.S. banks, as well as some smaller regional banks that serve areas where many immigrants live, have developed programs to help people send money home. Typically the money is wired to large partner banks in the other countries, where recipients can claim it. These services work in different ways and may require that you be an

account holder, so visit banks in your area to find out about the services offered.

Wiring money through special programs at banks can cost about half the amount money transfer companies charge to wire funds.

A limited number of smaller banks offer a program called “Directo a México,” a partnership between the U.S. Federal Reserve and Banco de México which transfers funds electronically from people in the U.S. to individuals in Mexico.

Some banks offer stored value cards, which can be purchased by immigrants in the U.S. and sent to family members in other countries. Stored value cards look like credit or debit cards, but they contain only the

specific amount of cash that you have deposited in advance with the card's issuer. There, the card can be used to withdraw funds free at ATMs or to make purchases at stores that accept credit cards.

A few major U.S. banks allow account holders to transfer money at a special lower price directly from their U.S. bank accounts to large Mexican banks, where recipients can pick up the money or have it deposited into their Mexican bank accounts.

If you have a U.S. checking account, some financial institutions allow you to give overseas family members a debit card connected to your U.S. account. That way, recipients can withdraw cash from your account

Don't Send Cash

It is very risky to send cash in the mail. If you feel that you must mail cash, check with the post office to see if the country you are mailing to restricts foreign currency. Always use registered and insured mail and keep any evidence you need to make a claim under the insurance. Package cash securely and make sure you can't see through the envelope.

Fraud Alert

Don't use money transfer companies to send money to strangers for any reason. Many scam artists ask victims to send them money this way. If you just sent a money transfer and suspect you might be a victim of fraud, ask the salesperson to stop your transaction immediately. If the transfer has not been completed, you may be able to get a refund.

at a local ATM (automated teller machine). Debit cards look like credit cards but are like checks because the money comes directly out of your checking account.

Credit Unions

Many credit unions offer their members low-cost wire transfers to credit unions in more than 40 countries through IRnet, an electronic funds transfer service. IRnet provides service to over 40 countries in Latin America, Asia, Africa and Europe, and people can receive money at over 3,000 locations in 36 U.S. states. To find credit unions that offer IRnet, go online to the World Council of Credit Unions (www.woccu.org) and click on “Remittances.” From the pull-down menu, choose “Credit Unions using IRnet.”

Questions to Ask

When sending money overseas, always ask about:

- Fees. How much do you have to pay to send money?
- The exchange rate that will be used to turn your U.S. dollars into the currency of the overseas country.
- Transfer methods. How will the money reach the recipients?
- Delivery options and locations. What options do recipients have for retrieving the money you send?
 - Extra charges. If you use a credit card, you will pay a cash advance fee and interest to the card company, as well as fees charged by the transfer company. If you use your debit card, you can avoid cash advance fees and interest.