

money. This is because the government wants to track money that might be used to fund terrorism. All companies that transfer money to other countries must comply with laws to monitor financial transactions. Banks and other financial services companies are required to ask for identification and report large transactions. Most companies require a government-issued photo ID, such as a driver's license, passport or consular identification card.

For documented and undocumented immigrants from certain Latin American countries, including Mexico, consulates issue a form of ID called a *matrícula consular*. Hundreds of financial institutions 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 government-issued photo ID

How to cut remittance costs

- Open a checking account at a credit union or bank that offers low-cost transfer services.
- Check out the money transfer services at your local post office.
- Keep an eye on exchange rates by checking the newspaper or doing an online search for “exchange rates.”
- Avoid using your credit card to wire money because “cash advance” fees can be as much as 5 percent of the amount sent.
- Look for a flat-fee service if you are sending a large amount and the percentage-based fee would be higher.
- Adjust the amount you send if changing it slightly would entitle you to a lower fee. Or, send more money less often if that will reduce your total fees.
- Don't pay extra for a faster transfer if it's not necessary.
- Compare remittance costs using a tool provided by the World Bank (remittanceprices.worldbank.org) or the one at www.fxcompared.com.

and proof of U.S. residency, such as a utility bill.

Safety

Money sent abroad using the post office, banks, credit unions and money transfer services usually arrives safely. However, it is very risky to entrust cash to a person—or “courier”—even though 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. Uncashed money orders are refundable if you keep your original paperwork. If your (checking account) debit card is lost or stolen, you must report it within two business days to limit your losses to \$50. (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 (prepaid) cards do not have these protections under the law. However, cards issued by MasterCard and Visa come with voluntary “zero liability” protection, which means that the bank will voluntarily replace funds lost to fraud (within certain limitations). If you lose a prepaid card, report the loss to the card issuer immediately, as it may be able to block card activity.

Regulations

You have certain rights when you use a money transmitter, bank, credit union or other financial services company to send more than \$15 electronically outside the United States.

- You have the right to receive information before you pay about the exchange rate used, any fees and taxes you will pay, and the final amount that the recipient will receive.
- You have the right to a receipt that must tell you when the money will be available at its destination and that you have the right to cancel the transfer, what to do if there's an error and how to submit a complaint.

■ You have the right to cancel a money transfer within 30 minutes (if the money has not already been received), with a right to a refund.

■ You have 180 days to report a money transfer error to the company. The company then has 90 days to investigate the problem and respond. In some cases, you could receive a refund or have the transfer resent.

Many states require money transfer companies to be licensed by the state's banking regulator. Most states that require licensing also require bonding 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 the event that the recipient never claims the funds.

If you have a problem with a remittance and can't resolve it directly with the company that made the transfer, you can submit a complaint to the Consumer Financial Protection Bureau (CFPB) online (consumerfinance.gov/complaint), or by phone (855-411-2372) in more than 180 languages.

Consumer Action

www.consumer-action.org

Consumer Action provides consumer advice, suggests appropriate complaint-handling agencies and distributes free consumer education publications. Chinese, English and Spanish are spoken.

415-777-9635 or 213-624-8327

English Web form: bit.ly/consumer-action

Spanish: bit.ly/accionproconsumidor

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Managing Money

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How to send money home

Tips for transferring money abroad

A Consumer Action Project

There are several ways to transfer money to relatives and friends outside the U.S.

A common way of sending money to people in another country is to use a money transfer company such as MoneyGram or Western Union. These companies transfer money through agents in storefronts (convenience stores and check cashers, for example), by phone or online. Some newer money transfer (remittance) businesses specialize in online transfers.

Other options include:

- Bank wires and bank transfer services
- Money orders
- Debit and reloadable prepaid (stored-value) cards

Your options for sending money and the cost of the transfer depend on the product or service you use, the destination country, the amount you send and the exchange rate. (Lower-than-market exchange rates mean you lose money on the exchange and the transfer company makes more profit.)

Money transfer companies

Traditional money transfer companies offer the most options for sending remittances. They accept cash for transfer at walk-in offices and also let you transfer money on the Internet or by phone using a debit card, credit card or your bank account number. Recipients can pick up the money from the transfer company's local agent in their country or receive it in their bank account or mobile wallet.

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.

Typically, the fee for money transfers increases with the amount you send. Poor exchange rates offered by some traditional 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.) Some money transfer companies, such as Xoom and PayPal, that primarily offer online transfers may charge lower fees and offer better exchange rates. Be aware that using a credit card most likely will cost you more than using cash or a bank account transfer because the card issuer will charge a cash advance fee and interest, plus the merchant could charge you a card fee.

Banks and credit unions

A standard wire transfer can be very expensive. However, some banks and credit unions have lower-fee programs to help people send money back home more affordably. Typically, the money is wired to a partner bank or credit union in the other country, where the recipient can claim it in cash or leave it in their own account. These services work differently at different institutions and may require that you be an account holder, so visit banks and credit unions in your area to find out about the remittance services they offer.

A limited number of smaller banks offer electronic remittances through a program called "Directo a México," a partnership between the U.S. Federal Reserve and Banco de México. Find out which financial institutions in your state participate: directoamexico.com/en/mapa.html.

U.S. Postal Service

The U.S. Postal Service offers a wire transfer service—called Sure Money, or DineroSeguro—to Argentina, Colombia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Peru. The cost varies from \$10 to \$20 per transaction, depending on the amount you send. You can send up to \$2,000 per day and recipients can pick the money up at

branches of certain banks. To collect the money, the recipient must have your transaction number and a photo ID (identification) showing the exact name you gave the post office.

The Postal Service also issues international money orders, up to a maximum of \$700 each, that can be sent to recipients in 29 countries. The fee is \$4.50 per money order. You can make the purchase with cash, debit card or traveler's checks. Recipients can cash the money orders and get local currency. Save the receipts, because you can ask the post office to replace lost, stolen or damaged money orders. Most banks also sell international money orders, but the fee may be higher.

Debit and prepaid cards

Prepaid cards, also known as prepaid debit cards or stored-value cards, look like credit or checking account debit cards but they contain only the specific amount of funds you have "loaded" onto them in advance. Some cards are reloadable, which means you can add more money to them as needed and use the card over and over again. Depending on the prepaid card, you may have the option of using cash, checking account debit card, credit card or direct deposit to load money, and the money could be available to the cardholder almost immediately.

Prepaid cards typically can be used to withdraw funds at ATMs or to make purchases from businesses that accept cards with the same logo (Visa, MasterCard, Discover or American Express). The drawback to stored-value cards is that they can be expensive, with fees for everything from card activation and monthly "maintenance" to balance inquiries and ATM withdrawals. If you're interested, look for cards that can be used internationally, then compare fees carefully. Also, note the

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 have just sent a money transfer and suspect you might be a victim of fraud, ask the salesperson or card issuer to stop your transaction immediately. You have the right to cancel the transfer for any reason within 30 minutes if the money has not already been received.

different ways you may be able to avoid fees—for example, checking the card balance online might be free, while checking it at an ATM could cost money.

If you have a U.S. checking account, some financial institutions allow you to give family members in another country a debit card connected to it. That way, the recipient can withdraw cash from your account at their 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. This can be convenient, but if more money is taken out of the account than you planned, or if the card gets lost or stolen, you could incur high overdraft charges or, at least temporarily, lose your entire balance.

Questions to ask

When sending money abroad, always ask about:

- Fees and taxes: How much do you have to pay to send money? Will the recipient also have to pay a fee?
- Exchange rate: How much will your U.S. dollars be worth in the currency of the recipient's country?
- Transfer methods: How will the money reach the recipient?
- Delivery options and locations: What options do recipients have for retrieving the money you send?
- Extra charges: Will the transfer company charge a fee for using a credit card? (If you use your debit card, you can avoid cash advance fees and interest.)

Identification

Since the terrorist attacks of Sept. 11, 2001, rules and requirements are stiffer for opening bank accounts and sending