



Money Service Business Association  
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June 4, 2018

Sent via Email

The Honorable J. Michael Mulvaney  
Acting Director  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552  
[FederalRegisterComments@cfpb.gov](mailto:FederalRegisterComments@cfpb.gov)

***Re: Docket No. CFPB-2018-0006/ Comments to CFPB's Request for  
Information Regarding Public Consumer Complaint Reporting***

Dear Acting Director Mulvaney:

This letter is submitted on behalf of the Money Services Business Association ("MSBA"). The MSBA is a trade association focused on the non-bank money services industry, including licensed money transmitters and their agents and/or authorized delegates, payment card issuers and distributors, payment processors, international remittance companies, bill payment companies, mobile payment application providers, payment aggregators, virtual currency exchanges and administrators, eWallet providers and other similar money services providers that are engaged in payments. For additional information, please see: [www.msbassociation.org](http://www.msbassociation.org).

The MSBA is appreciative of the opportunity to provide comments and information in response to the Consumer Financial Protection Bureau ("CFPB")'s request for information regarding its consumer complaint reporting process. The MSBA strongly supports steps that improve the experience of consumers participating in the financial marketplace, including providing a forum to allow consumers to submit complaints and facilitating business efforts to resolve consumer complaints. Nevertheless, the MSBA respectfully asserts that the CFPB's consumer complaint database, as currently arranged, does not help consumers or businesses. The MSBA believes that if the issues outlined in this letter are not adequately addressed by the CFPB, the consumer complaint database will ultimately prove detrimental to consumers and businesses, thereby having the opposite of effect of what it is intended to do—help improve the consumers' experience when utilizing the financial marketplace.

**Introduction**

Money Services Businesses (MSBs) are a broad category of non-bank financial institutions ranging from brick-and-mortar money transmitters, check cashers and currency exchangers, to more modern e-wallet and prepaid card providers, bitcoin exchangers, and Remittance Transfer Providers.



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To show how critical MSBs are to the functioning of the U.S. financial system and the lives of millions of Americans, a survey published by the FDIC in 2013 found that 9.6 million households in the US were unbanked, while 24.8 million households – 20% of the U.S. population – were underbanked, meaning that they had a bank account but also used alternative financial services outside of the banking system. MSBs are used by millions of people each year to accomplish basic and fundamental tasks such as paying bills and sending money to family members, domestically and abroad.

From these statistics the average MSB has extensive interaction with consumers on a daily basis and that individual consumers and small businesses constitute the bulk of MSB clientele. Given this unique relationship, the CFPB's consumer complaint database is of particular concern to MSBs because it has the potential to disproportionately affect MSBs. As it is currently constituted the consumer complaint database imposes substantial burdens on MSBs that far outweigh its benefits. Further, consumers are hurt by the current structure of complaint database because it does little to provide relevant, useable information to consumers and it fails to adequately filter genuine complaints from frivolous ones. We therefore highlight several areas of the CFPB's consumer complaint database which, if modified, should greatly reduce the burden and costs imposed on MSBs while better fulfilling its goal of improving the experience of consumers engaged with the financial marketplace.

### **Problems with the Current Database Structure and Suggested Changes**

As it is currently arranged, the consumer complaint database imposes burdens on MSBs that far outweigh its benefits. First, there is no vetting of complaints. Any complaint, no matter how frivolous or unsupported by fact is hosted on the database. This results in the most frivolous complaint being treated the same as the most meritorious complaint. Consumers are hurt because they are left to filter through numerous complaints without knowing which carry merit and which do not. Businesses are hurt because they must treat each complaint equally, even when it makes no sense to do so. The MSBA feels that mechanisms should be in place to give affected businesses the option to screen and validate the complaint before it is posted to the database or, alternatively, request that unsupported complaints be removed from the database. Doing so would have the effect of streamlining the database and allow MSBs to focus on genuine complaints, the resolution of which will be beneficial to the MSB and its consumers, while mitigating the detrimental effects inherent in presenting all claims as equally meritorious regardless of their actual merit. We also urge the CFPB to note that MSBs are routinely examined for consumer protection purposes at the state level, and most can ill afford to divert scarce resources to addressing frivolous complaints.

Additionally, the MSBA believes there should be a dollar threshold for a complaint to be included in the database. Currently, there are no dollar figures included with any complaint. There are good reasons for that policy, and the MSBA does not advocate deviating from it. However, as part of the complaint submission process, we respectfully submit that the consumer should be required to disclose to the CFPB the dollar figure at issue in the complaint. If the figure is de minimis



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(i.e. \$25 or less) then the complaint should not be included in the database. In the MSBA's experience, entities against which complaints are made almost universally treat those complaints seriously and strive to resolve them as quickly and thoroughly as possible, all while seeking to account for the consumer's best interests. Taking these steps invariably requires a substantial devotion of both the business's and the CFPB's time and resources. For those reasons, complaints involving relatively small dollar amounts, based on a clear standard, should be handled internally by the business. The CFPB should still be free to receive, document, and record complaints involving smaller dollar amounts (which, for instance, would allow the CFPB to identify a pattern of issues involving the same business even if each individual issue involved a lower dollar amount), but those complaints should not be posted on the publicly available consumer complaint database.

Finally, we respectfully recommend that the CFPB should implement procedures to validate the identity and contact information of complaining consumers. It is the MSBA's understanding that in many instances a business against which a complaint is made is unable to contact the consumer to resolve the issue due to a lack of reliable contact information. By validating the consumer's identity and contact information, the CFPB would facilitate faster and more efficient resolution of the consumer's complaint.

The burdens imposed on businesses by the current structure of the consumer complaint database, as described above, should be viewed considering the benefits the complaint database provides consumers. In the MSBA's view, the burdens far outweigh any benefits and do not justify maintaining the consumer complaint database in its current structure. First, the current consumer complaint database does not provide meaningful information to third parties reviewing individual complaints. For instance, there is nothing that tells how a complaint was resolved or whether the CFPB took any enforcement action with respect to the complaint. Second, as noted above, all complaints are treated equally regardless of their merit thus causing genuine complaints, with the potential to help unrelated parties resolve similar, genuine problems, to get lost in the overall volume of complaints. Third, there appear to be no standards for the type of information that needs to be included in a complaint for it to be included in the database. Even a cursory review of recently posted complaints shows numerous complaints that are difficult to understand for anyone not involved in that specific case—thus, those complaints provide very little value to third parties.

In short, a third party reviewing the complaint database is unlikely to glean much actionable information beyond the substance of the complaint and the business against which the complaint was made. Thus, the benefits to the public at large of the complaint database are minimal, are substantially outweighed by the costs on businesses subject to complaints, and do not justify maintaining the complaint database in its current structure.



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We are happy to meet with you and discuss our comments and recommendations and provide business scenarios for you.

Sincerely,

A handwritten signature in black ink that reads "Kathy Tomasoofsky". The signature is written in a cursive, flowing style.

Kathy Tomasoofsky

Director,

Money Services Business Association, Inc.