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April 29, 2023

Re: Comments to Proposed Regulations PRO 03-21

Via email: regulations@dfpi.ca.gov

Department of Financial Protection and Innovation

This letter is written on behalf of the Money Services Business Association (“MSBA”).¹ The MSBA is grateful for the opportunity to provide comments to the Department of Financial Protection and Innovation on the Notice of Proposed Rulemaking (PRO 03-21) regarding consumer complaints and inquiries under the California Consumer Financial Protection Law.

A. Introduction:

The MSBA fully appreciates the importance of timely handling of consumer complaints and our members are required to follow very rigorous requirements outlined by the Consumer Financial Protection Bureau (CFPB) as part of the Remittance Rule and the Prepaid Card Rule.

Harmonization of the rules required by the State and Federal Agencies are beneficial to regulators, industry and most importantly the consumer. Our comments focus on those areas to assist in the harmonization process.

B. Comments:

Consumer Complaints – We recommend the implementation of a consistent policy to require that consumers report complaints within 180 days. This is consistent with requirements by the CFPB and provides a significant amount of time to identify an error.

¹ 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, money orders, and other similar money services providers that are engaged in payments. See www.msbassociation.org.



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Compliant Response Times – The time to respond to a consumer’s complaint should be increased to 30 days. This allows time for the company to thoroughly investigate, analyze and validate the complaint, and to provide the consumer with an informed response.

Record-Keeping Requirements – Record-keeping requirements should be reduced to two years. This will harmonize requirements defined by the CFPB.

Removal of Section 1073 - We respectfully request the removal of Section 1073, which applies onerous requirements to inquiries, adding an operational burden to companies without providing a significant value to the consumer.

The proposed regulation places a large burden on our members, especially at a time when economic circumstances continue to place additional burdens and expenses on them in their efforts to service consumers in an efficient manner. Our members are very consumer focused and responsive to consumer complaints. Additional requirements outside those already imposed by the Remittance Rule and Prepaid Card Rule would add burden without demonstrated benefit to the consumer.

Thank you for your consideration of our comments. We would be happy to meet with you and answer any questions that you may have.

Sincerely,



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