



**International Bancshares
Corporation**

April 12, 2013

Via "www.regulations.gov"

Mr. Gary A. Kuiper
Attention: Comments, Room NYA-5046
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Re: Federal Deposit Insurance Corporation; RIN 3064-0052; Consolidated Reports of
Condition and Income

Dear Mr. Kuiper:

The following comments are submitted on behalf of International Bancshares Corporation ("IBC"), a multi-bank financial holding company headquartered in Laredo, Texas, with approximately \$11.9 billion in total assets. IBC holds four state nonmember banks ranging in size from approximately \$520 million in total assets to almost \$10 billion. IBC is the largest Hispanic-owned banking organization in the continental United States. Thus, IBC is well-positioned to understand the challenges of this proposal. Each of the IBC four subsidiary banks is a community bank with less than \$10 billion in assets. Many of the markets that IBC serves are low income minority communities that offer limited banking alternatives.

The Federal Deposit Insurance Corporation ("FDIC"), along with the Federal Reserve Board and the Office of the Comptroller of the Currency (collectively, "agencies"), are requesting comment on proposed revisions to the Call Report that generally would take effect in June 2013 (FIL-8-2013).¹ Among other changes, the proposed reporting changes include a request for information on international remittance transfers in Schedule RC-M, Memoranda. Our comments are limited to these proposed international remittance transfer reporting changes.

¹ The proposed new and revised Call Report data items would be implemented as of the June 30, 2013, report date, except for one proposed revision of limited applicability that would be collected annually beginning December 31, 2013.

I. Brief Overview of the International Remittance Call Report Proposal

The proposed reporting changes include a request for information on international remittance transfers in new Schedule RC-M, item 16, designed to provide regulators with international remittance transfer information subject to the Consumer Financial Protection Bureau's ("CFPB's")² foreign remittance rule (once an effective date is established by the CFPB)², including, but not limited to: 1) Questions about types of international remittance transfers offered, the settlement systems used to process the transfers, and whether the number of remittance transfers provided exceeds or is expected to exceed the CFPB's safe harbor threshold (more than 100 transfers per year); and 2) New data items to be reported by institutions not qualifying for the safe harbor on the number and dollar amount of international remittance transfers.

II. Comments Relating to the International Remittance Call Report Proposal

The proposed new Schedule RC-M, item 16, would include a one-time question regarding 2012 and an ongoing quarterly question that asks all institutions whether, during the relevant period, they offered to consumers in any state certain mechanisms for sending money to recipients abroad. The categories of mechanisms listed in the one-time and ongoing question include international wire transfers, international ACH transactions, other proprietary services operated by the reporting institution, other proprietary services operated by another party (such as a state-licensed money transmitter) for which the reporting institution is an agent or similar type of business partner, and "other." The FDIC seeks comment on whether these different categories of mechanisms should be listed, and whether including the "other" mechanism category is necessary. The FDIC also seeks comment on whether these categories of mechanisms are appropriate, and whether additional mechanisms should be added to the list for this item, and why.

In order to alleviate the imposition of additional, complex, burdensome, and unnecessary reporting requirements on financial institutions, we recommend that financial institutions not be required to provide a detailed itemization of the types of remittance transfers undertaken during each quarterly reporting period.

² In January 2013, the CFPB delayed the February 7, 2013, effective date of the foreign remittance rule pending the finalization of the CFPB's December 2012 proposal (78 FR 6025, January 29, 2013).

If the Proposal is adopted, institutions will require significant time, manpower, and financial resources to change their accounting and reporting systems to collect the type of data that will be required under the Proposal. From an operational standpoint, the Proposal's requirements will require a much greater degree of analysis and a much higher cost to administer. A simple numeral number as to a financial institution's approximate total foreign remittance transfers during the quarterly reporting period would provide the FDIC with the information needed to monitor compliance with the CFPB's foreign remittance rule. Furthermore, we note that Section 1073 of the Dodd Frank Act doesn't appear to mandate this level of detailed information. It would seem that the CFPB only really needs to know the number of transfers so that it can evaluate the applicability of the safe harbor exemption for small institutions.

In addition, for those institutions whose answers to the annual screening question suggests that they likely do *not* qualify for the 100-transfer safe harbor, the proposed new Schedule RC-M, item 16, would seek information on the volume and dollar value of international remittance transfers provided, and the frequency with which the reporting institution uses the temporary exception for insured institutions.³ A reporting institution would provide the total number of qualifying transactions provided in the prior quarter, the total dollar value of the principal of such transactions, and the number of transactions to which the temporary exception applied. The information would apply to services offered to consumers, rather than services provided to another institution on a correspondent basis. The Proposal states, "that agencies recognize that questions regarding the volume and dollar value of transactions would seek information compiled previously. However, the Proposal states that the agencies, "... expect that in order to comply with the Dodd-Frank Act remittance transfer requirements, institutions or their business partners, such as correspondent banks or payment networks, may build systems to enable institutions to identify remittance transfers as such."

³ Under the CFPB's foreign remittance rule, the temporary exception permits financial institutions to provide estimates for certain disclosures in some instances. The exception expires five years after the enactment of the Dodd-Frank Act (*i.e.*, July 21, 2015). If the CFPB determines that expiration of this temporary exception would negatively affect the ability of insured institutions to send remittances to foreign countries, the CFPB may extend the exception to not longer than ten years after enactment.

The FDIC proposes that if institutions are not reasonably able to provide actual amounts for the volume and dollar value of transfers and number of uses of the temporary exception, that they provide estimates that are accurate at least to two significant digits. The FDIC seeks comment on whether these categories of systems are appropriate, and whether additional systems should be added to the list for this item and why. The FDIC also seeks comment on the feasibility of providing estimates, as well as comment on the feasibility of providing actual figures; the date by which banks may be able to provide actual figures, if not by June 2013; and the relative benefits or costs of using a different estimation approach or a different methodology to report the requested data.

Again, requiring the reporting of a simple numeral number as to a financial institution's approximate total foreign remittance transfers for the required reporting period would provide the FDIC with information needed to monitor compliance with the CFPB's foreign remittance rule. The dollar value of the international transfers is simply *not* relevant to compliance with the CFPB's foreign remittance rule. As previously noted, Section 1073 of the Dodd Frank Act doesn't appear to mandate this level of detailed information. It would seem that the CFPB only really needs to know the number of transfers so that it can enforce the requirements of its foreign remittance rule. To require the amount of information currently contained in the Proposal will require significant time, manpower, and financial resources for financial institutions to change their accounting and reporting systems to collect the type of data that will be required under the Proposal. This will lead to the imposition of additional operational costs for financial institutions that are currently struggling to comply with an ever-increasing sea of additional and burdensome requirements emanating from passage of the Dodd-Frank Act. The Proposal's requirements that community and regional banks accumulate and report more data will merely increase the compliance costs of regional and community banks. Most regional and community banks do not have the financial resources and time to develop new internal systems capable of collecting the type of data required under the Proposal. We believe that many regional and community banks may be forced to make the difficult business decision to exit the foreign remittance transfer market, thus, harming consumers, the intended beneficiaries of the CFPB's foreign remittance rule.

Finally, we believe the effective date of the Proposal, should be delayed until late this year. We strongly urge the FDIC and other agencies to provide a reasonable transition period for compliance with the Proposal's requirements. This is necessary, we believe, because of the complexity of the Proposal's requirements and it's far reaching effects on financial institutions, particularly regional and community banks. Additional time will be required by regional and community banks to upgrade their accounting and reporting systems to collect the type of data that will be required under the Proposal. We also note that as of this date, the CFPB has not issued its final rule clarifying certain elements of its foreign remittance rule and the effective date of its rule will not occur until 90 days after issuance of its final clarification rule. Accordingly, it would be inappropriate for the FDIC to introduce its new item 16 in June 2013, as proposed.

Thank you for this opportunity to comment.

Respectfully,

A handwritten signature in black ink, appearing to read 'Dennis E. Nixon', written over the word 'Respectfully,'.

Dennis E. Nixon
President and CEO