

HOW DFPR'S DIVISION OF FINANCIAL INSTITUTIONS PROTECTS CONSUMERS

The Illinois Department of Financial and Professional Regulation's (IDFPR) **Division of Financial Institutions (DFI)** has a number of key responsibilities including the following:

- ⇒ **LICENSING** — Financial institutions operating in Illinois must be licensed or chartered in accordance with various laws. DFI pursues unlicensed entities to protect consumers against fraud, theft and other abuses.
- ⇒ **APPLICATION REVIEW**— DFI reviews license applications and renewals to ensure all licensing or chartering requirements are met by lenders, depository institutions, creditors and other licensees.
- ⇒ **EXAMINATIONS**— DFI examines financial institutions as mandated by law, along with incorporating additional exams when warranted to ensure operations are financially sound and functioning as required.
- ⇒ **EDUCATION**— DFI works to educate consumers, build financial literacy and support consumer awareness by participating in seminars and other educational forums.
- ⇒ **INVESTIGATIONS**— DFI investigates complaints against financial institutions operating in Illinois.
- ⇒ **DISCIPLINARY ACTIONS**— DFI will take action against financial institutions that violate the law or fail to meet business license requirements, including: suspension, corrective action plans, or revocation.
- ⇒ **LEGISLATION**— DFI sponsors legislation that it believes will better protect and safeguard consumers. DFI works with the Governor, legislators and numerous stakeholders to collaborate on proposals.

CURRENCY EXCHANGE SECTION BACKGROUND & OVERVIEW

In 1943, the Illinois General Assembly passed the **Currency Exchange Act** (“Act”) to establish a set of requirements that All Currency Exchanges must adhere to when doing business in Illinois.

The Currency Exchange Act requires the Department of Financial and Professional Regulation (IDFPR) to annually examine each currency exchange company's financial condition and operations. Examinations are conducted by the **Currency Exchange Section**, part of the agency's **Division of Financial Institutions** (“DFI”). These exams ensure each currency exchange is in compliance with the Act, the adopted rules and regulations, and all other applicable state laws.

DFI's **Currency Exchange** section also regulates.

Licensed Money Transmitters transmit money for a fee, or sell, issue or exchange payment instruments (including U.S. and foreign currency). Regulated by the **Transmitters of Money Act (TOMA)**.

The Currency Exchange Section interacts regularly with its licensees and external stakeholders, such as the Community Currency Exchange Association (CCEA), to ensure changes in the laws regulating the industry are followed. Additionally, the section receives input from the CCEA and licensees concerning recommended changes in the statute or regulations that may be beneficial to the currency exchange industry, while also better supporting consumers. For any questions, please contact our office

JB Pritzker
Governor

Deborah Hagan
Secretary

Illinois Department of Financial & Professional Regulation (IDFPR)

Division of Financial Institutions (DFI)
Francisco Menchaca
Director



Currency Exchange Section

IDFPR's Chicago Office:

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312-814-5153

IDFPR's website:
www.idfpr.com/

DFI's web page:
www.idfpr.com/DFI/default.asp

Currency Exchange Section:
www.idfpr.com/DFI/CED/ced_main.asp

Currency Exchange Section FAQs

Q: What are the duties and responsibilities of the Currency Exchange Section?

A: The Currency Exchange section regulates all free standing licensed currency exchanges and ambulatory currency exchanges (mobile check cashers). The section applies the requirements of the Currency Exchange Act and its rules in its regulation of Illinois currency exchanges.

Q: What services are provided at currency exchanges?

A: Each currency exchange may offer different services. The primary service is check cashing and purchasing money orders. Other services include bill payment, faxing, wire transfer, vehicle sticker renewal, license plate sales. Services offered must be clearly posted.

Q: What rates can a currency exchange charge for check-cashing and money orders?

A: For checks of \$100 or less, the maximum check-cashing rate is 1.4% of the check's face value plus \$1.00. For checks over \$100, the maximum check-cashing rate is 2.25% of the check's face value. The maximum rate for money order charges is 1% of the amount of the money order plus \$0.75. Prices and rates must be clearly posted.

Q: Must currency exchanges be licensed to operate in Illinois?

A: Yes, all lawfully operating currency exchanges in Illinois must be licensed by the IDFPR.

Q: How do I know a currency exchange is licensed to operate in Illinois?

A: Each licensed currency exchange is required to post its license in a conspicuous place visible to the public. If you do not see it, ask to see it or contact our Currency Exchange section. Visible posting of the currency exchange's license assures that your transaction will be executed in accordance with applicable laws. You may also visit the following IDFPR website to verify that the currency exchange is licensed.

www.idfpr.com/DFI/CED/license/CELicensees.pdf.

Currency Exchange FAQs, Continued

Q: Can I pay most or all of my utility bills or other bills at a currency exchange?

A: Check with the issuer of a bill or with your local currency exchange to determine whether the Currency Exchange can process the bill payment you want to make.

Q: Must a currency exchange cash my check?

A: No. A currency exchange can refuse to cash any check it believes may not clear when deposited. The Currency Exchange may contact the bank the check is written against to verify funds or contact the check issuer in its effort to determine the legitimacy of the check.

Q: How can I be sure the currency exchange will pay my bill?

A: Daily records and activity at currency exchanges must be maintained for all licensed currency exchange locations. To be prudent, verify payment of the bill by phone until you are confident in the quality of the service at the currency exchange that you use. Please report any abuse to IDFPR's Currency Exchange office.

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Q: How do I know if a money order purchased at a currency exchange is safe?

A: Each currency exchange has a bond to protect its money orders. No currency exchange can open or operate without a bond as required by the Act. Should a currency exchange fail to fund a money order, a claim may be made through our office. The bond safeguards customers who purchase money orders.

Q: If I have a problem at a currency exchange or money transmitter where can I get help?

A: Contact our office.

Currency Exchange FAQs, Continued

Money Transmitters

Q: What is a Money Transmitter?

A: Money Transmitters (MTs) send money on behalf of a customer, charging a transaction fee that generally increases based on the amount of money sent. MTs also facilitate electronic bill payments and provide stored value cards. Western Union and MoneyGram are two of the larger known money transmitters licensed in Illinois. To verify whether a location is authorized to transmit money, visit:

<http://www.idfpr.com/dfi/TOMASearch/TOMASearch.asp>

Q: What are the requirements to be a money transmitter?

A: To commercially transmit money in Illinois or to a resident of Illinois, you must first obtain a license from DFPR, as well as adhere to the requirements of the "Transmitters of Money Act".

IDFPR WORKS TO SAFEGUARD CONSUMERS

- ◆ PROTECTING AGAINST FINANCIAL EXPLOITATION— IDFPR is joining the **Department on Aging (DoA)** to implement measures that will protect elder individuals from financial exploitation and abuse. Offenders can include strangers posing as utility personnel to rob homes, scammers pushing phony products and services; family members strong-arming elders in handing over funds with threats of harm, or the withholding of basic care. All seek to exploit seniors who may be facing diminishing health, or fears common to those who are aging. DFI is working to educate licensees about the emerging problem of elder exploitation and to take added steps to protect seniors with whom they come into contact.