



Fedwire® Funds Service  
International Wires Webinar  
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This webinar recording and slide presentation replace the original webinar recorded on December 6, 2017, to address questions raised during the original webinar. Some of the original slides have been updated and/or reorganized to provide clarity.

# Agenda

- Background
- Overview of the Fedwire Funds Service message flow
- Sending cross-border payments
- Market practice for remittance transfers subject to section 1073 of the Dodd-Frank Act
- Receiving cross-border payments
- FedTransaction Analyzer<sup>®</sup> tool

Note: The views expressed in this presentation are those of the presenter only. They do not necessarily represent the views of the Federal Reserve Bank of New York or any other part of the Federal Reserve System.

Fedwire participants should consult their own legal advisers, including with respect to their obligations to include certain information in the funds-transfer messages they send and with respect to the consequences of routing payment orders through a particular intermediary financial institution.

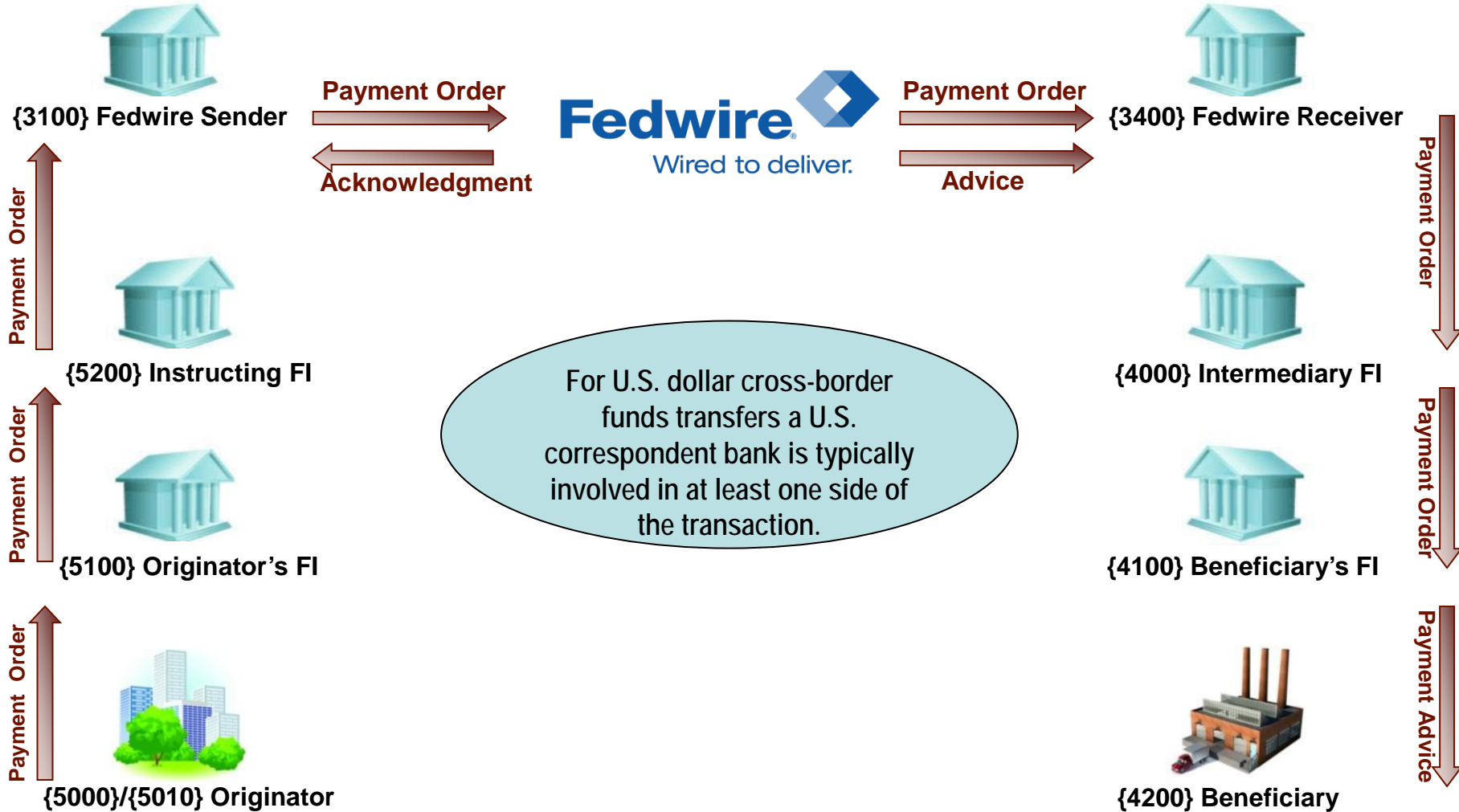
# Background

- Some Fedwire Funds Service participants have a misperception that they cannot use the Fedwire Funds Service to send/receive U.S. dollar payments to/from entities located outside the United States.
- A Fedwire Sender can *send* the U.S. dollar leg of a cross-border transfer through the Fedwire Funds Service if the sender includes proper routing information in the message for the intermediary financial institution (FI), if any, the beneficiary's FI, and the beneficiary.
- Likewise, Fedwire participants can provide their routing information to their clients to share with trading partners to *receive* the U.S. dollar leg of cross-border payments through the Fedwire Funds Service.
- However, fund transfers denominated in foreign currencies must be processed through a correspondent bank.

# Background

- The fee schedule and operating hours for the Fedwire Funds Service are the same for domestic and cross-border funds transfers.
- The Federal Reserve Banks do not perform any compliance screening (e.g., OFAC) for funds transfers submitted to the Fedwire Funds Service electronically via the FedLine Direct<sup>®</sup> or FedLine Advantage<sup>®</sup> solutions.
- The Federal Reserve Banks do perform OFAC screening for funds-transfers submitted via the Offline service to meet their own obligations under U.S. law.
  - Such screening does not relieve Fedwire Funds Service participants from their own obligations to comply with U.S. law.

# Fedwire Funds Service Message Flow



# Sending Cross-Border Payments

# To *send* cross-border payments via the Fedwire Funds Service



- The *Fedwire Sender* must include proper routing information in the Fedwire funds-transfer messages for the following:
  - Intermediary FI (if any)
  - Beneficiary's FI
  - Beneficiary



## Routing information to send cross-border payments

- The Fedwire Sender needs to include proper routing information for the **intermediary FI** (if any) and **beneficiary's FI**, such as the following:

1. ID Code (1 Character)
  - **B – SWIFT Business Identifier Code (BIC)**<sup>1</sup>
  - C – CHIPS participant number
  - D – DDA account number
  - F – Fed routing number
  - U – CHIPS identifier
2. Identifier of the financial institution (up to 34 characters)
3. Name of the financial institution (up to 35 characters)
4. Address of the financial institution (up to 3 lines of 35 characters each)

<sup>1</sup>Often, banks involved in cross-border funds transfers use the Society for Worldwide Interbank Financial Telecommunication (SWIFT®) network to communicate. All SWIFT participants are identified on the SWIFT network with a unique BIC.

## Routing information to send cross-border payments

- The Fedwire Sender also needs to include information about the **beneficiary**, such as the following:

### 1. ID Code (1 Character)

- B – SWIFT Business Identifier Code (BIC)
- C – CHIPS participant number
- **D – DDA account number (Most common identifier)**
- F – Fed routing number
- T – SWIFT BIC and account number
- U – CHIPS identifier
- 1 – Passport number
- 2 – Tax identification number
- 3 – Driver's license number
- 4 – Alien registration number
- 5 – Corporate identification
- 9 – Other identification

### 2. Identifier of the beneficiary (up to 34 characters)

### 3. Name of the beneficiary (up to 35 characters)

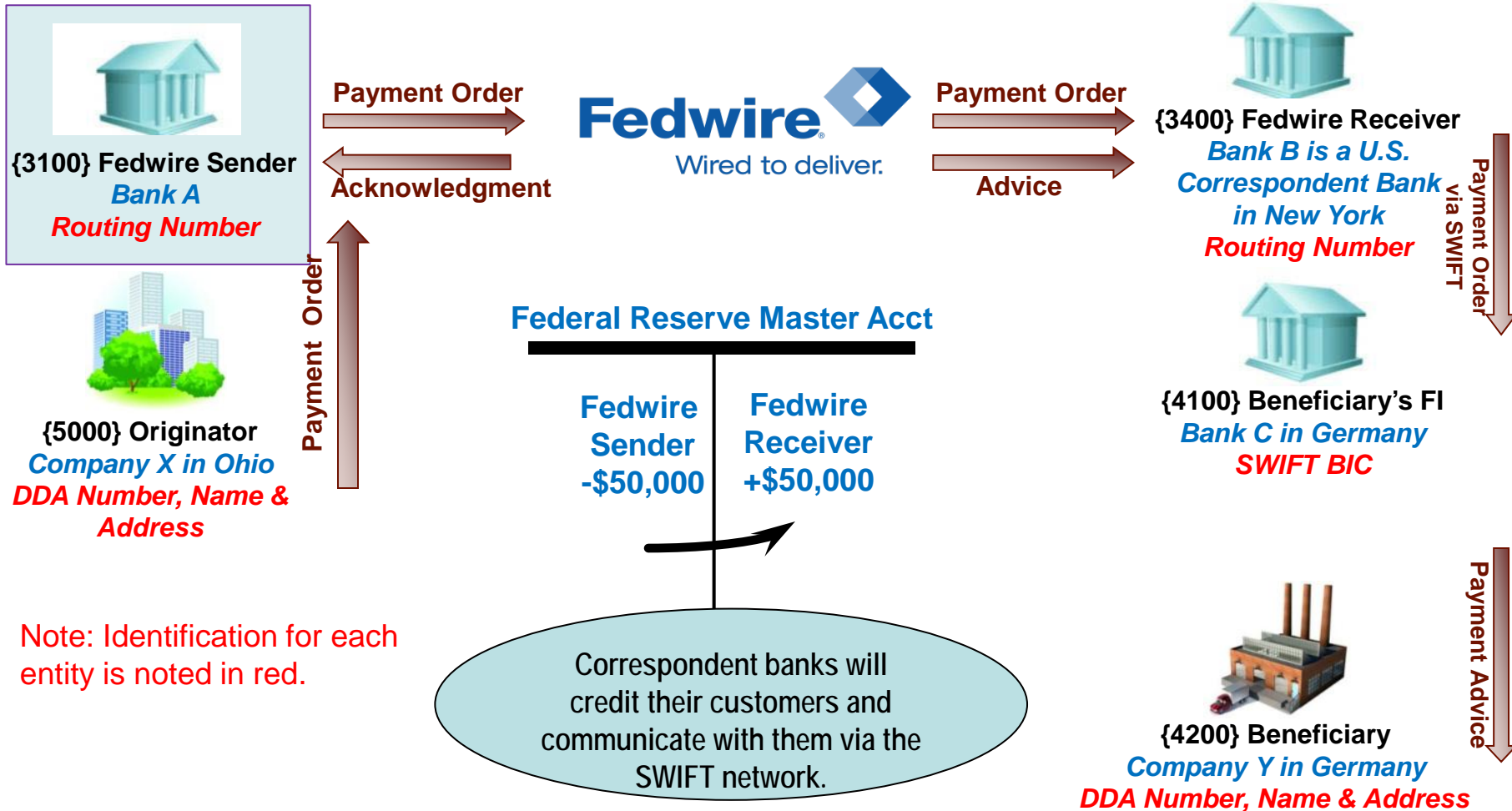
### 4. Address of the beneficiary (up to 3 lines of 35 characters each)

# Ways the Fedwire Sender can obtain routing information



- Ask the originator
  - The easiest way for a Fedwire Sender to obtain proper routing information is to ask its client to obtain the following information from the party the originator wishes to pay (i.e., the beneficiary), either directly or, if the client is not the originator, indirectly through the originator:
    - DDA number, name, and address of beneficiary
    - Identifier, name, and address of the beneficiary's FI
    - Identifier, name, and address of the beneficiary's FI's U.S. correspondent bank, which could be a branch or agency of the beneficiary's FI in the United States.
- Consult the beneficiary FI's website to find routing instructions for the U.S. correspondent bank it uses to receive U.S. dollar payments.
- Purchase commercial directories/lists from vendors that provide financial institution and routing information.

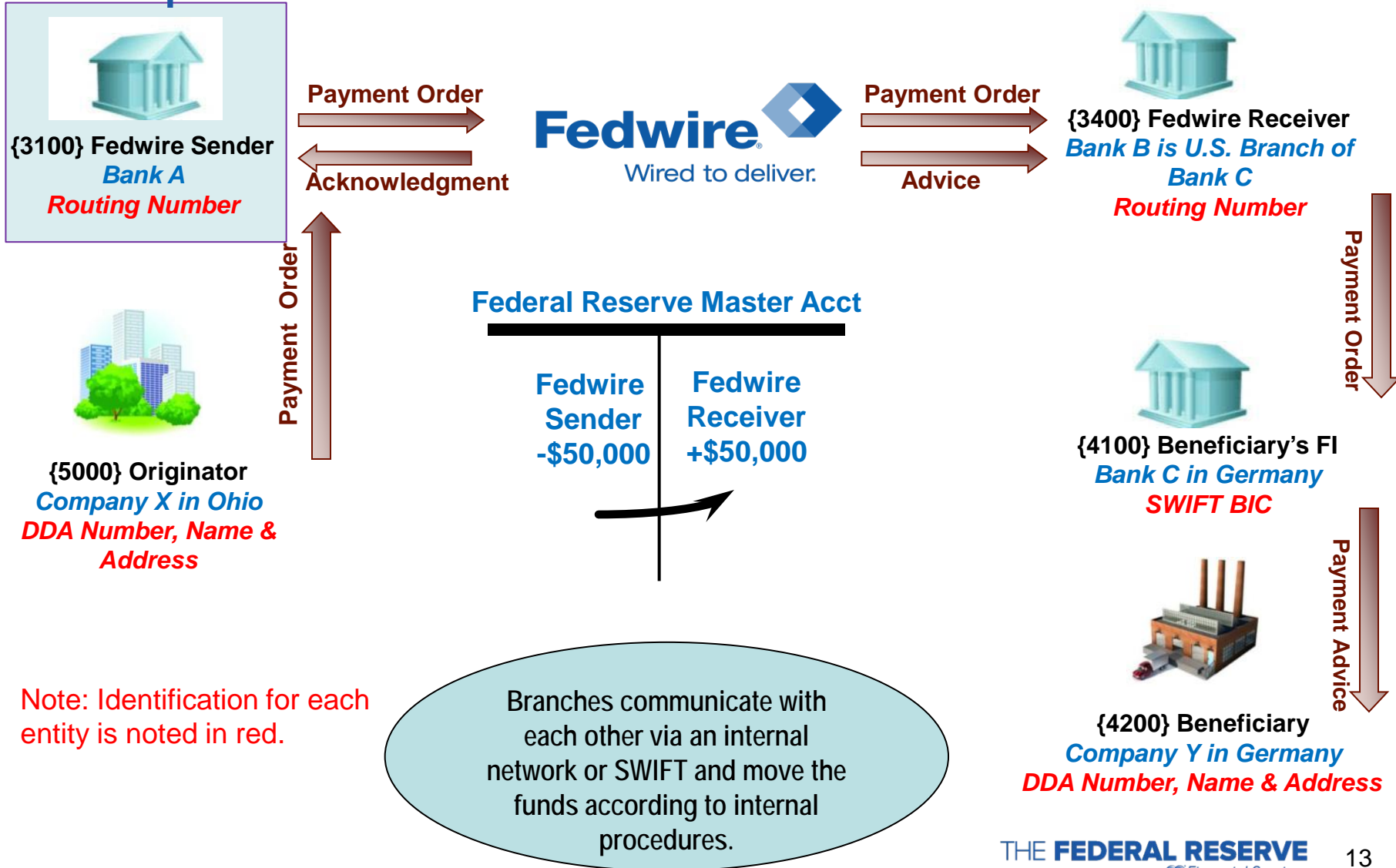
# Scenario A – Fedwire Sender knows that the Beneficiary FI uses a U.S. correspondent bank in New York



Note: Identification for each entity is noted in red.

Note: For ease of understanding, the webinar will not cover a scenario that includes an Intermediary FI in tag {4000} between tag {3400} and tag {4100}.

# Scenario B – Fedwire Sender knows that the Beneficiary FI uses its U.S. branch as its correspondent



Note: Identification for each entity is noted in red.

# Market practice for remittance transfers subject to section 1073 of the Dodd-Frank Act



- A remittance transfer is an electronic transfer of funds requested by a consumer in the U.S. to any person or entity outside the U.S. sent by remittance transfer providers.
- Banks may be remittance transfer providers and therefore subject to certain disclosure requirements for remittance transfers.
  - The requirements are contained in subpart B of the Consumer Financial Protection Bureau's Regulation E (12 C.F.R. part 1005).
- The Fedwire Funds Service does not supply disclosures for remittance transfers, but the Federal Reserve Banks documented a market practice that Fedwire Senders could use to identify remittance transfers subject to section 1073 in a Fedwire funds-transfer message.
- The market practice should only be used when the Fedwire Sender and Fedwire Receiver have agreed with one another to apply special handling to remittance transfers.

# Market practice for remittance transfers subject to section 1073 of the Dodd-Frank Act



- The Fedwire Sender should do the following:
  1. Use a customer transfer message in which tag {3600} Business Function Code is "CTR" or "CTP".
  2. Do not use tag {3700} Charges, but if present, the Fedwire Receiver should ignore.
  3. Insert one of the following 3 character codewords between slashes into line 1 of tag {6500} FI to FI Information to denote the charging method for the remittance transfer:

Codeword	Description
{6500}/CTO/	The originator will pay charges associated with the remittance transfer.
{6500}/CTB/	The beneficiary will pay charges associated with the remittance transfer.
{6500}/CTS/	The originator and beneficiary will share the charges associated with the remittance transfer.

# Receiving Cross-Border Payments



# To *receive* cross-border payments via the Fedwire Funds Service



- The *Fedwire Receiver* must provide its routing information to its clients so that they can provide that information to the party that wishes to pay the beneficiary of the funds transfer (i.e., the originator).

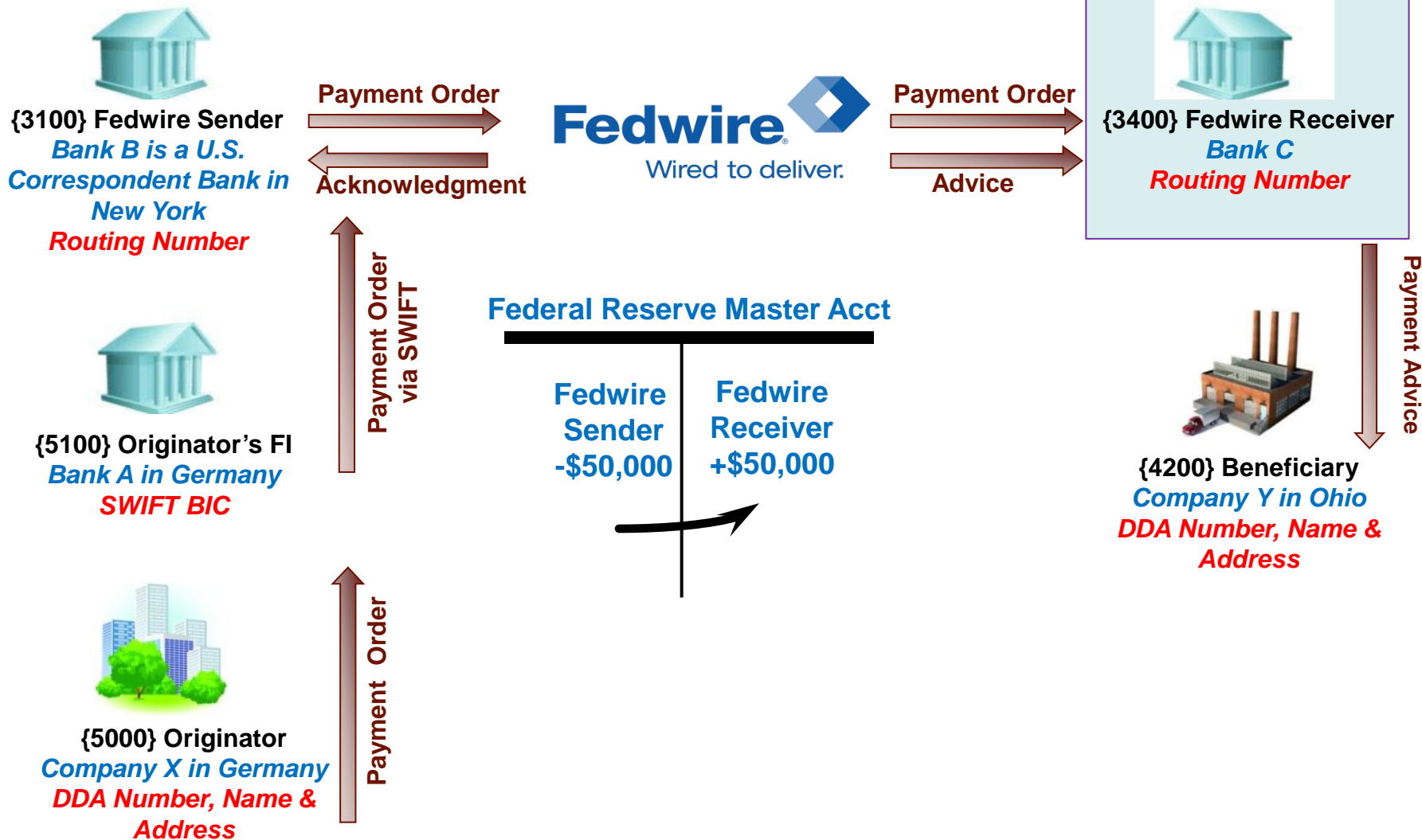
# How to identify a Fedwire participant in a SWIFT message to receive cross-border payments



- Fedwire participants that wish to *receive* cross-border payments for their clients could instruct their clients to inform trading partners that the Fedwire participant can be identified in field **57a Account with Institution** of a SWIFT 103 message using one of the following options:

Option D Fedwire Routing Number, Name & Address	Option A SWIFT BIC
<ul style="list-style-type: none"> <li>Provide your Fedwire routing number preceded by //FW to refer to the Fedwire Funds Service.</li> <li>Provide your institution's name &amp; address.</li> </ul> <p><u>Example</u> :57D://FWnnnnnnnnn Bank A 100 Main Street Cleveland, OH US</p>	<ul style="list-style-type: none"> <li>Provide your SWIFT BIC</li> </ul> <p><u>Example</u> :57A:BBBBCCLLXXX</p> <p>The BIC must be exactly 8 or 11 characters and the structure is as follows:</p> <ul style="list-style-type: none"> <li>BBBB = Business party prefix</li> <li>CC = ISO country code</li> <li>LL = Business party suffix</li> <li>XXX = Branch identifier</li> </ul> <p>Note: Financial institutions that are not SWIFT participants can register for a "non-connected BIC" through the SWIFT.com website.</p> <ul style="list-style-type: none"> <li>Registration is free &amp; the non-connected BIC would be included in the SWIFT BIC directory, which is used by correspondent banks globally.</li> </ul>

# Scenario C – Originator’s FI has a U.S. Correspondent Bank



# The FedTransaction Analyzer tool can be used to identify certain cross-border Fedwire funds transfers



- The FedTransaction Analyzer tool provides the “**Activity by ISO<sup>®</sup> Country Code**” report, which includes summarized volume & value data for Fedwire funds-transfer messages that meet the following criteria:
  - Messages *sent* by the Fedwire participant that have a SWIFT BIC as the identifier for the beneficiary’s FI.
  - Messages *received* by the Fedwire participant that have a SWIFT BIC as the identifier for the originator’s FI.
- Positions 5 and 6 of the SWIFT BIC include a 2-character ISO country code.
  - When the ISO country code is not “US”, it means the transaction has a cross-border dimension.
- The report will default to display wires sent/received by each ISO country code (including both U.S. and non-U.S. country codes).
- Additional filtering features are available at the top of the report for users to customize the view; however, this report does not allow you to drill-down into individual messages.

## For More Information

- Visit the International Payments Resource Center  
<https://www.frbervices.org/resources/resource-centers/international-payments/>
  
- Contacts:
  - Your account executive  
<https://www.frbervices.org/contactus/account-executives.html>

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