



Kansas City Financial Center

Susan Robinson
Deputy Director



Whats ahead for International Payments?

- NACHA rule change effective September 18, 2009
 - IAT (International ACH transaction)
 - Bank Secrecy Act's "Travel Rule" – Electronic payment will require additional data requirements



How does this Affect Agencies?

- Electronic payments (USD) to a domestic correspondent bank with ultimate destination overseas, must include the additional travel rule information (i.e. recipient foreign mailing address) and be screened for OFAC compliance.

Agency options for complying with rule:

- Provide payment data on a separate file
 - Identify payments that meet IAT criteria
 - Transmit to Kansas City Financial Center for processing through ITS.gov
 - Provide additional information (receiver foreign mailing address) as part of the addenda record or in a name and address file

OR

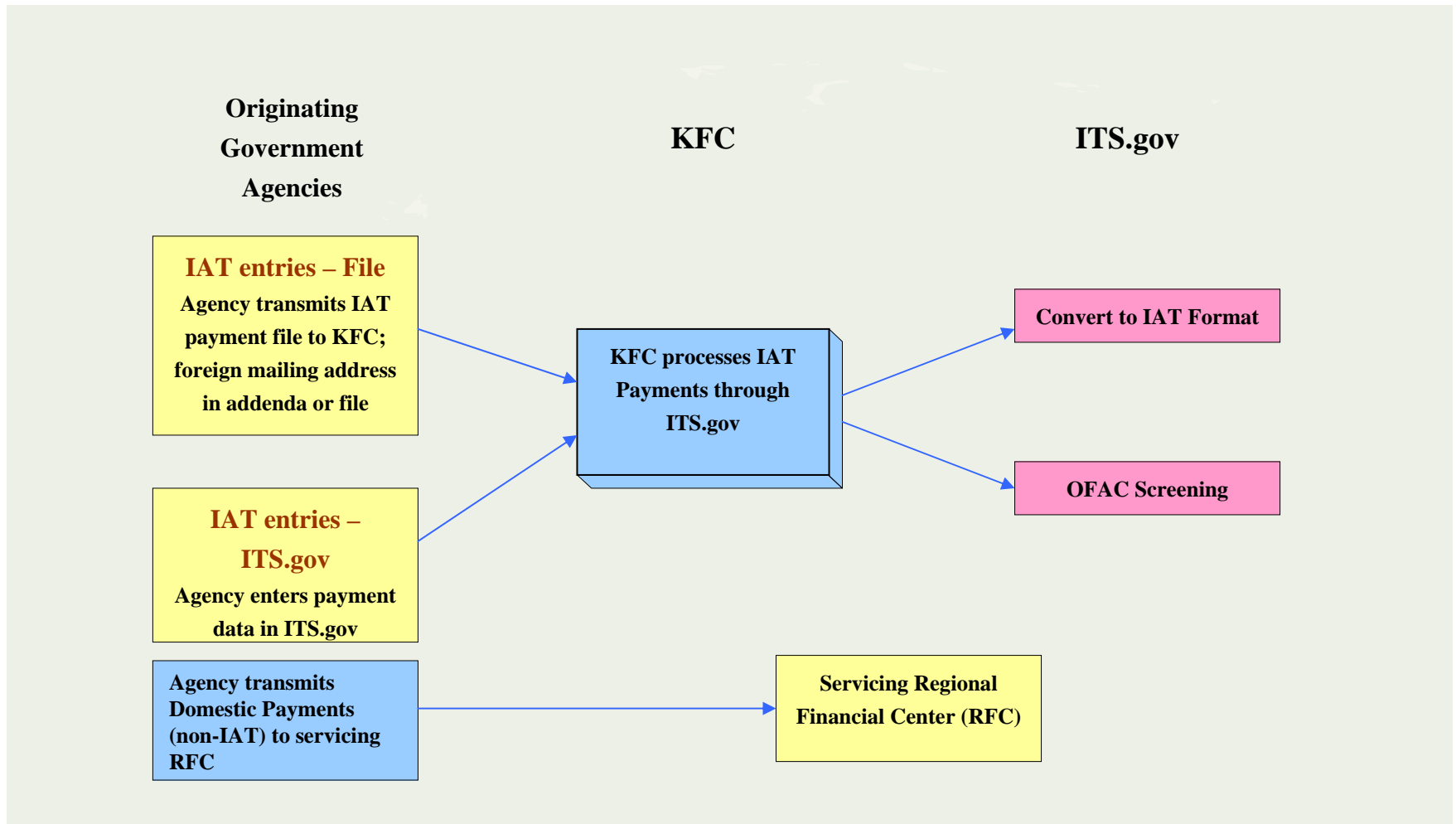
- Input payment data online into ITS.gov



ITS.gov will.....

- Convert payments to new IAT format
- Provide a secondary screen for OFAC compliance

IAT Payment Flow



Payment Scenarios: Domestic or IAT?

- **Scenario 1:** Agency issues an electronic U.S. dollar payment to a recipient's account at a financial institution located in New York. The financial institution has an agreement with the recipient to further credit the funds to a foreign bank account and the recipient has a foreign mailing address. Agency is aware of the arrangement between the recipient and financial institution.

Payment Scenarios: Domestic or IAT?

- **Scenario 1 Answer:** Payment should be classified as IAT. Agency would provide payment details on a separate file and transmit to Kansas City Financial Center or input online via ITS.gov

Payment Scenarios: Domestic or IAT?

- **Scenario 2:** Agency issues an electronic U.S. dollar payment to a recipient's account at a financial institution located in New York. The recipient has a foreign mailing address. Agency is not aware of an agreement between the financial institution and recipient to further credit the funds to a foreign bank account.



Payment Scenarios: Domestic or IAT?

- **Scenario 2 Answer:** Payment should be classified at IAT. NACHA has indicated to err on the side of caution and classify the payments as IAT when the recipient has a foreign mailing address.

Why IAT?

- Implemented to support the OFAC (Office of Foreign Asset Control) compliance and screening obligations
- OFAC administers the economic sanctions and embargo programs affecting target countries, target nationals, and other specifically identified companies and individuals on the Specially Designated Nationals (SDN) list of “blocked parties”

IAT – Frequently Asked Questions

- Q: How do I identify IAT payments if the agency is not aware of the banking arrangements between the recipient and their Financial Institution?
 - A: Electronic payment should be classified as IAT when 1) payment is issued to a domestic financial institution and 2) recipient's mailing address is outside the territorial jurisdiction of the U.S.

- Q: Would this be considered over classifying?
 - A: NACHA has indicated that it would be appropriate to err on the side of caution and over classify.

IAT – Frequently Asked Questions

- Q: Do I have to change the file format to accommodate IAT?
 - A: No, the IAT payments need to be on a separate file and address information should be included as part of the addenda or in a name and address file.
- Q: Does IAT impact all classes of payments?
 - A: Yes, IAT applies to vendor, miscellaneous, salary, benefit, pension, etc.



IAT – Frequently Asked Questions

- Q: What if I want to enter IAT payments online and do not have access to ITS.gov?
 - A: Contact the Kansas City Financial Center HelpDesk at 816-414-2100.



For More Information

Contact:

**IAT: Susan Robinson: 816-414-2002 or
susan.robinson@fms.treas.gov**