



Kansas City Financial Center

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What is ITS.gov?

- **A comprehensive international payment and collection system for processing electronic and check payments for benefit recipients, vendors, foreign payroll, and miscellaneous payments.**



ITS.gov Offers to Agencies

- **Single portal** for all types of international transactions including ACH, SWIFT, Wire, Check, Western Union, PUPID
- **Eliminates Intermediary Banks** – process payments directly to foreign banks without the need for U.S. correspondent financial institutions (i.e. extra handling and coordination between US bank and foreign bank).
- **Expedited payment settlement**
- **Emerging Markets** – Increased ability to process international EFTs in emerging markets. Payments to 150+ countries.



ITS.gov Offers To Agencies

- **Competitive Exchange Rates** – currency purchased at the time of payment achieves the most competitive rate possible and maximizes agency cash management.
- **Currency Purchase Capabilities** – Supports fast and easy-to-use foreign currency purchase functionality.
- **Compatibility** – Can incorporate current agency file formats.
- **Secure** – Employs the latest enhanced security technology including two factor authentication through PKI (public key infrastructure).



ITS.gov Offers to Agencies

- **Foreign Exchange Options -**
 - **Variable to Fixed** - Foreign Currency Amount Indicated
 - **Fixed to Variable** - USD to Foreign Currency
 - **Fixed to Fixed** - USD Denominated



ITS.gov Offers to Agencies

- **One Stop Shop for all your International payment needs.**
 - **Customizable and Exportable Reports** – reports exportable in common formats
 - **Online claims of non-receipt and stop payment request processing**
 - **Online returned payment information**
 - **Bank Routing information validation** – ability to confirm bank routing information and IBAN number format



ITS.gov Agency Customers

- **DFAS**

- Denver, Cleveland, Columbus, Indianapolis

- **DoD**

- **Army:** Baghdad, Balad, Kuwait, Saudi Arabia, Camp Speicher
- **Marines:** Camp LeJeune, Japan

- **Benefit Agencies**

- OPM, Veterans Affairs, Social Security Admin



ITS.gov Agency Customers

Vendor/Salary/Misc Payments

American Battle Monuments Commission

- Animal & Plant Health Inspection Serv
- Broadcasting Board of Governors
- Center for Disease Control
- Dept of Agriculture
- Dept of Energy
- Dept of Health & Human Serv
- Dept of Homeland Security
- Dept of Justice
- Dept of Treasury – Bureau of Public Debt
- Environmental Protection Agency
- Federal Communications Commission

- FMS Credit Accounting Branch
- GSA
- Millennium Challenge Corporation
- Nat'l Institute of Standards & Tech
- NOAA
- National Science Foundation
- Nuclear Regulatory Commission
- Office of Workman's Compensation
- Social Security Administration
- US Coast Guard
- US Geological Survey
- US Patent & Trademark Office



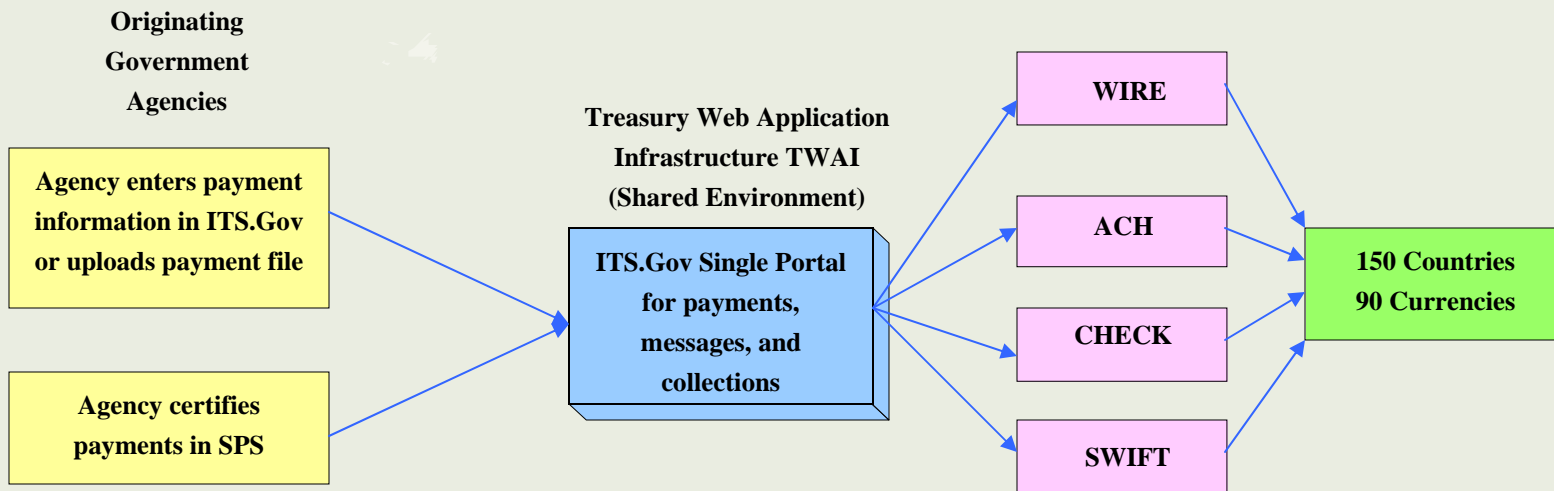
ITS.gov Statistics

□ FY 2007

- Processed 3.3 million payments
- Total US Dollar Value - \$14.2 billion

*includes benefit, salary, vendor, and miscellaneous payments

ITS.gov Payment Flow





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

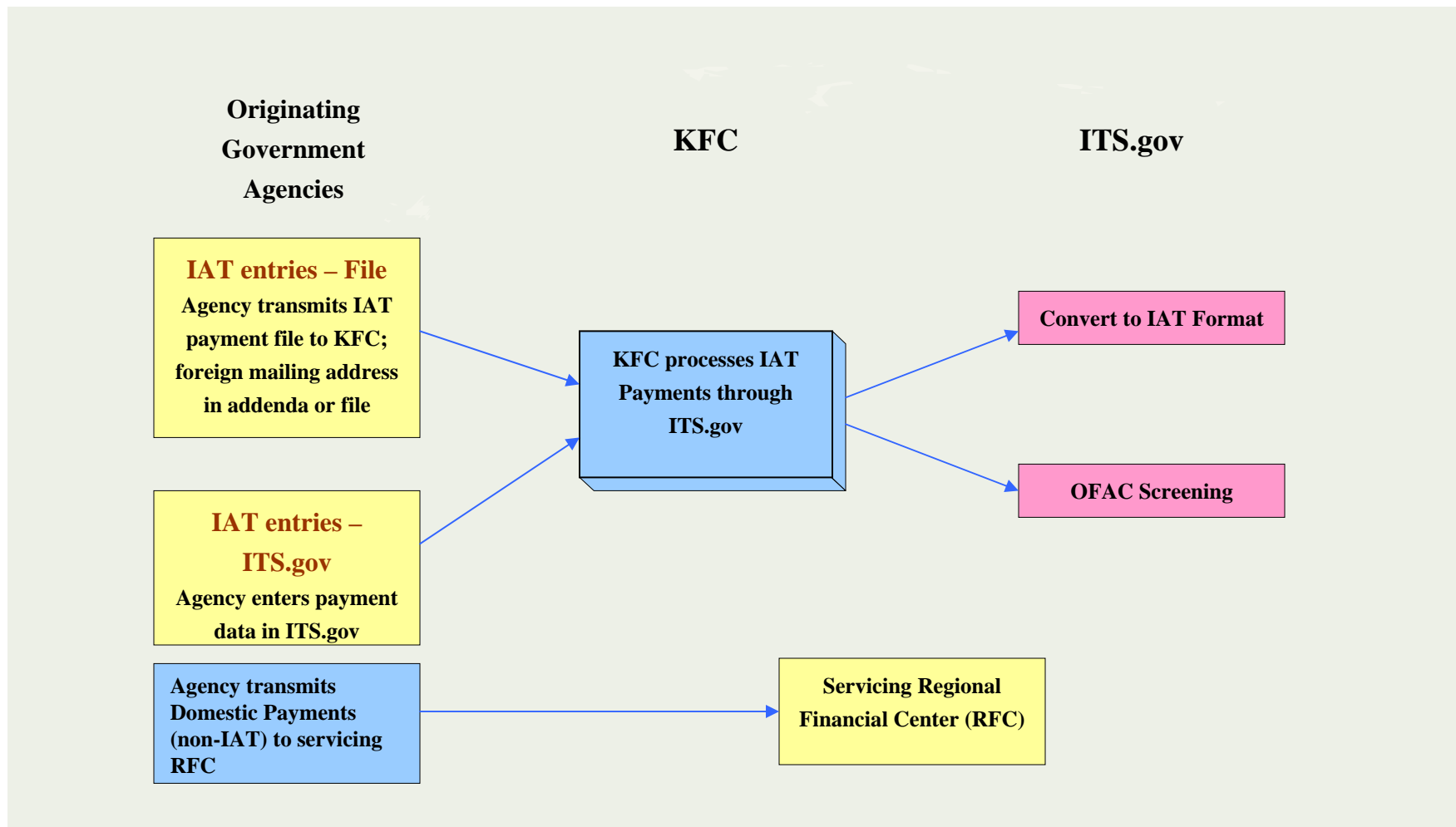
- Input payment data online into ITS.gov



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 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:

**Agency Enrollment: Kansas City Financial
Center Helpdesk: 816-414-2100**

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