

Potential Impact to Businesses of International ACH Transactions (IAT)

IAT ORIGINATORS

- Significant format changes are required for cross-border ACH payments
- Companies may need to obtain and retain additional information to initiate a transaction (additional addenda)
- Must have knowledgeable contact to answer questions in the event a transaction is identified as needing additional information or research during the screening process
- Companies must have a thorough understanding of the final destination of the payment
- In some cases, transactions will take longer to settle—2 to 3 business days after origination
- Failure to comply with OFAC rules may result in penalties ranging from \$10,000 to \$10 million per occurrence
- Limit options for returning an IAT entry
- Cost of using IAT is more expensive – ACH and FX fees
- Canadian ACH originators may need to invest system development to accommodate the new format.

RECEIVERS OF IAT

- Receipt of funds may be delayed due to additional processing requirements
- OFAC violations may result in the impounding of funds
- New or possibly confusing information on company bank statements
- Cost of receiving IAT is more expensive — ACH fees