

UNDERSTANDING OUTGOING WIRE TRANSFERS

Monthly Lunch & Learn Series presented by the **FAST Team**

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TORONTO

Financial Services

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AGENDA

- What are Outgoing Wire Transfers
- When is it appropriate to request an outgoing wire transfer?
- Why can't the University Send EFTs for International Payments?
- Currencies available in fis to be paid via draft
- How you can help speed up the process
- Completing the Wire Transfer Form



LEARNING OBJECTIVE



To understand what are Outgoing Wire Transfers, when are they appropriate, the business process and common reasons for delays with wire transfers.

WHAT ARE OUTGOING WIRE TRANSFERS?

Definition: A wire transfer is an electronic interbank payment for transferring funds directly from one person or entity's bank account to another.

It involves sharing information between participating banks or financial institutions, and the **instructions must include details about the recipient and the recipient/beneficiary's banking information** such as:

- bank name and address
- bank identifier (routing number or SWIFT code)
- account number.

Reasons for using wire transfers:

- Speed, efficiency and security
- Global reach
- Currency flexibility



FOREIGN PAYMENTS BY WIRE TRANSFERS

According to the GTFM, payment via wire transfer is not a cost-effective method of making foreign payments, and should be avoided.

Preferred method for foreign payments:

- Foreign draft
- PCard

[Click here to learn more about PCard and watch the Lunch & Learn on Travel & Hospitality card, PCard and other payment methods.](#)



[Click here for the GTFM policy](#) on Foreign Wire Payments.

CURRENCIES AVAILABLE IN FIS TO BE PAID VIA DRAFT

Wire transfer payments are intended to be the last resort after reviewing currencies available in FIS.

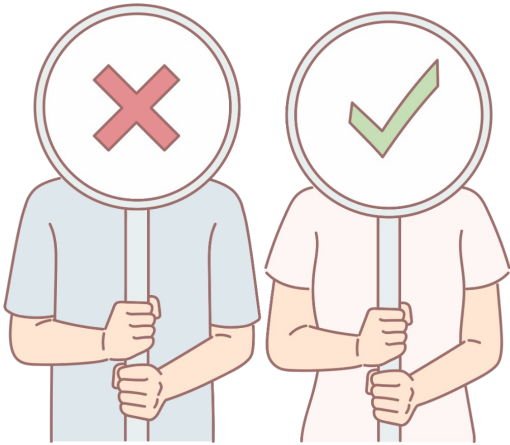
The following currencies can be paid via draft through FIS:

- Euro (EUR)
- Hong Kong Dollar (HKD)
- Japanese Yen (JPY)
- Singapore Dollar (SGD)

For a detailed breakdown, please see the table below and [refer to this article](#).

Currency	Draft	Wire Transfer
AUD – Australian Dollar	No	Yes
DKK – Danish Krone	No	Yes
EUR – Euro	Yes	Yes
GBP – Great Britain Pound	No	Yes
HKD – Hong Kong Dollar	Yes	Yes
JPY – Japanese Yen	Yes	Yes
NOK – Norwegian Krone	No	Yes
NZD – New Zealand Dollar	No	Yes
SEK – Swedish Krona	No	Yes
SGD – Singapore Dollar	Yes	Yes
ZAR – South African Rand	No	Yes
INR – Indian Rupee	No	Yes
AED – United Arab Emirates Dirham	No	Yes

WHEN IS IT APPROPRIATE TO REQUEST AN OUTGOING WIRE TRANSFER?



Wire transfers should only be requested when all other payment options have been exhausted.

This is due to:

- the cost (i.e. \$7 per wire transfer)
- how time consuming it is for both the department and Financial Services

Common reasons to use Outgoing Wire Transfers:

- the currency is not active/available in FIS
- the payment will be in a currency different than payee's local currency (e.g., payment in CAD to a beneficiary in China). In these situations, it may be prohibited or expensive to convert to the local currency or deposit

WHY CAN'T THE UNIVERSITY SEND EFTS FOR INTERNATIONAL PAYMENTS?

Wire payments are most suited for cross-border payments between parties across different countries and financial institutions in almost any currencies.

Most countries and regions have their own methods of EFT payment with their respective clearing and settlement systems.

For example:



EFT payments are cleared through the Automated Clearing Settlement System (ACSS), which is owned and operated by Payments Canada. EFT payments can only take place between two accounts that are in Canada.



ACH (Automatic Clearing House) payments facilitate EFT payments between US banks accounts and the ACH network is administered by the National Automated Clearing House Association (NACHA).



European countries use SEPA to facilitate cross-border transactions across the EU and certain non-EU countries. SEPA transactions are conducted in Euros with 36 European participating countries. (Note that UK, France, Netherlands, Denmark and Norway are countries that are not part of the SEPA framework).

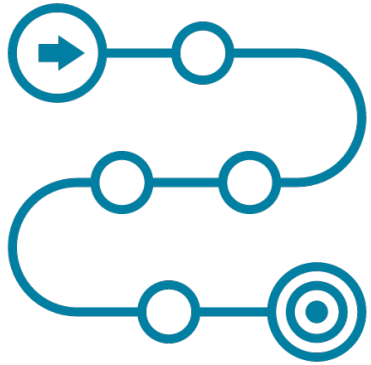
OUTGOING WIRE TRANSFERS PROCESS

1. Department collects banking info from payee (beneficiary).
2. **Department submits fully completed wire transfer request** with approvals and supporting docs to FSD Accounts Payable (A/P).
3. A/P reviews wire transfer request and support (e.g., invoice and approvals).
4. If the form is incomplete or missing information, **A/P will reach out to the department for more information.**
5. **A/P sets up beneficiary profile** in the Convera GlobalPay system (U of T's wire payment platform).

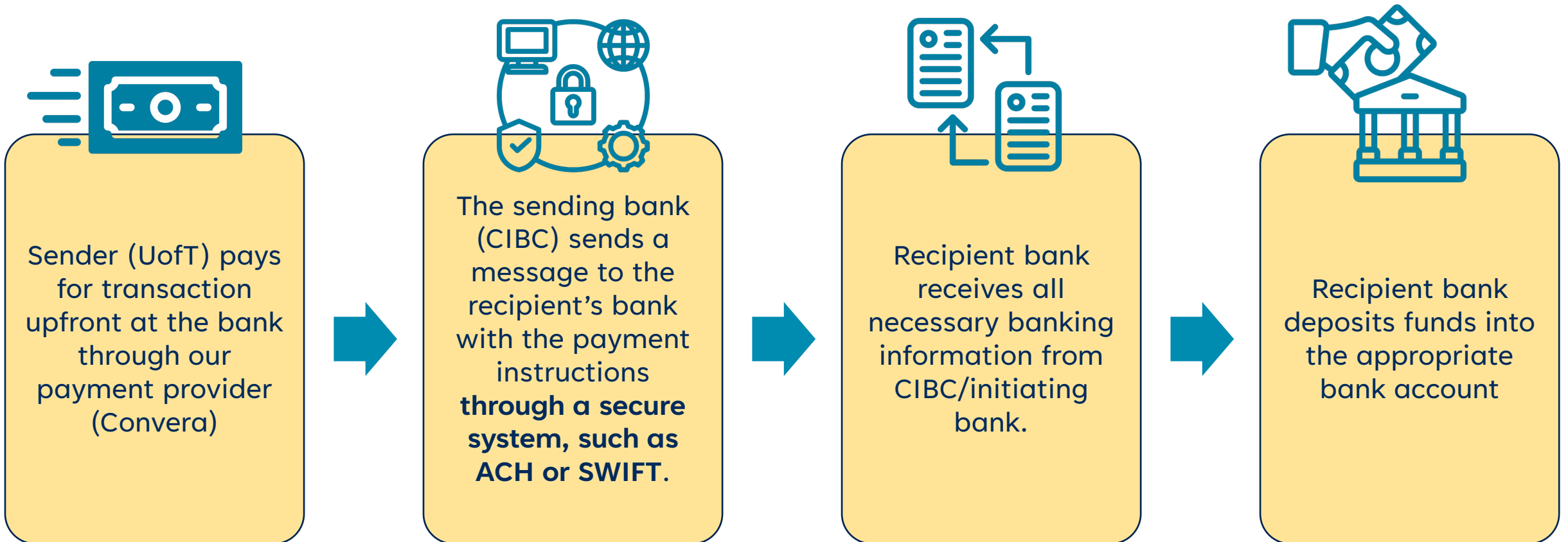
NOTE: A/P will reach out to Convera for support if the beneficiary profile cannot be created.

6. **AP processes the wire payment in Convera GlobalPay** and submits to FSD Manager(s) for approval.
 - **First-level approver:** after reviewing the wire transfer payment request and support, the FSD manager performs first-level approval and submits to a second FSD Manager.
 - **Second-level approver:** the Manager reviews and approves the wire payment order. For payments greater than C\$50k, **the second approval must be completed by the FSD Controller or CFO.**
7. After the second-level approval is completed, the wire payment will be committed. At this point, the wire payment will be executed and the payment amount is converted at the prevailing fx market rate.
8. The funds (i.e., wire payment amount plus Convera service charge) will be taken out of U of T's CIBC bank account and sent to the beneficiary's bank account via Convera.

NOTE: The duration for a wire transfer to reach the beneficiary's bank account ranges typically from 1 to 5 business days.



VISUALIZING THE WIRE TRANSFER PROCESS



INCREASED VOLUME OF WIRE TRANSFERS



The Accounts Payable team in Financial Services review and process all Outgoing Wire Transfer requests.

There has also been a significant increase in requests for Outgoing Wire Transfers since 2019. With 14% average year-over-year increase since 2019, and 2024 projected to be 92% more than the total requests of 2019 it places pressure on FSD's limited resources.

HOW CAN YOU HELP SPEED UP THE PROCESS?

Some tips to make the process easier for your unit and FSD:

- Complete and submit the [wire request PDF form](#) (not a handwritten or a scanned form)
- Approvers should **digitally sign the form**. Ensure all required approvers are identified.
- Send 1 email per wire transfer request
- Clearly identify the purpose of the email (e.g., Wire Transfer – invoice #)
- Ensure attached invoice correctly identifies the buyer (i.e. University of Toronto). [See this article](#) for more information on HST requirements.
- Send any follow-up/additional information in the same email thread and email address
- Ensure payment currency is clearly identified on invoice
- (if applicable) indicate if the services is performed in Canada or outside of Canada



Causes for delay after FSD Processes Wire Transfer

- International holidays, bank holidays
- International wire transfers may take from two or five business to complete
- Differences in time zone and international weekend/business hours
- Wires may go through intermediary or correspondent banks (if the beneficiary banks are smaller banks) which further impacts the duration of the transfer.
- Compliance checks, anti-money laundering (AML) and fraud prevention procedures



WALK THROUGH OF THE OUTGOING WIRE TRANSFERS FORM

UNIVERSITY OF TORONTO
Outgoing Foreign Payment Wire Transfer Request
 FSD Document # _____
 Print Form

DATE	15-Jan-2024	COMPANY CODE <small>if other than U of T</small>		COTR	<small>Do Not Use - for Financial Services Department Only</small>			
AMOUNT	\$ 5,500.00	PAYMENT CURRENCY	USD	CAD \$ EQUIV				
REQUIRED PAYEE INFORMATION	Name or Company International Centre for Rain Forest Conservation							
	Address - Number, Street and Apartment # or P.O. Box # 55 King Street, Kingston							
	City, Province/State/Region, Postal Code Georgetown			Payee Phone Number 492-334-6677				
<small>NOTE: Payee name must be the exact name of the registered bank account holder</small>	Country of Residence Guyana			Enter payee e-mail here if they require a wire payment confirmation rainforestconservation@gmail.com				
REQUIRED BANK INFORMATION	Payee/Beneficiary Account #, IBAN or CLABE 65498-123-456-7			Bank Code (ABA, Routing #, SWIFT/BIC Code) SWIFT RBGLGYGG				
	Bank Name Republic Bank							
	Address - Number, Street and Apartment # or P.O. Box #, City, Province/State/Region, Postal Code, Country 100 Water Street, Georgetown, Guyana							
<small>NOTE: Payment Currency must be the same as beneficiary's bank account</small>	Other required banking information(eg. Intermediary Bank information, CNY CNAPS Code, INR Currency Requirement)							
	Payment Details (i.e. Invoice#, Due Date of Wire Transfer) Invoice#202401-002							
ACCOUNTING INFORMATION (Required)								
G/L Acct	Tax Code	Amount	Business Area <small>if other than 100</small>	Cost Center	Internal Order	Funds Center	Fund	Commitment Item
835000	E0	5,500.00		10235		204205		
	E0							
	E0							
	E0							
	E0							
	E0							
		Total						
		5,500.00						
For F Type Payment Only		Vendor Number 315120		Document Number 51000883355				
Prepared By	Department	Email Address		Telephone #	Fax #			
Dakota Park		email.address@utoronto.ca		416-978-9789				
Authorized Approver (Print Name)		Signature		Title of Authorized Approver				
Logan Riley				Director of Finance				
NOTES								
1- Supporting documentation (e.g. invoice, contract, etc.) must be included with this wire request.								
2- For Processing, ORIGINAL form MUST be sent to A/P Department, 215 Huron Street, 2nd Floor.								
3- Prior to sending the ORIGINAL, you can e-mail a completed copy of this form for review to: ap_fsd@utoronto.ca								
4- Preparer and approver cannot be the same individual; approver must be one level up.								
<small>Do Not Use - for Financial Services Department Only</small>								
New Payee <input type="checkbox"/>	Existing Payee <input type="checkbox"/>	Order Number:	Approver		Approver			
<small>Financial Services Department FSD/VS.1.01 16/07/2014</small>								

Common errors when completing the **Outgoing Wire Transfer form** (see [instructions to complete form](#)):

- missing accounting information
- Amount on the form does not match supporting documentation (i.e. expense report form, invoice)
- converting the CAD equivalent on the form
- not confirming what currency the beneficiary's bank will accept
- name of payee is different from name on bank account
- missing/incorrect bank account details, IBAN, SWIFT, routing number or other essential information
- bank address is incomplete/incorrect (e.g. missing street), or blank
- missing payment details (e.g., invoice #, date of wire transfer)
- missing approvals/signature on form
- missing supporting documentation (invoices)
- lack of clarity with honorarium (i.e. [when to process via FIS vs HRIS](#))

NOTE: Convera does not accept P.O. Box based addresses for wire transfers.

COMPLETING THE OUTGOING WIRE TRANSFER



WHO DO I CONTACT?



FAST Team

For question regarding **FIS reports**, please contact your **FAST Team representative**.

Accounts Payable – FSD

Visit the **Financial Service Contact page**





THANK YOU!