



## Financial Services Policy Committee

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### Federal Reserve System

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### **Introducing FedGlobal<sup>SM</sup> ACH Services: Going Where Business Takes You** ***Expansion of Cross-Border ACH Services offers new destinations, options***

Minneapolis, April 6, 2009 — The Federal Reserve Banks have introduced *FedGlobal<sup>SM</sup> ACH Services*, a newly enhanced suite of services that will offer an efficient means for cross-border electronic payments to more than 30 countries in Europe and Latin America.

Development of FedGlobal Services was prompted by the upcoming implementation of NACHA's International ACH Transaction (IAT) rule. "The IAT allows the U.S. ACH network to more easily connect with other global payment systems. It also opens the door to offer both inbound and outbound payments to U.S. financial institutions and enables more streamlined and cost-effective processes," says Jim McKee, senior vice president of the Federal Reserve Banks' Retail Payments Office.

While the Federal Reserve has provided outbound cross-border ACH payments to Canada, Mexico, and several European countries, the new portfolio of services represents a significant increase in the number of countries and payment options. "The FedGlobal name is being introduced to reinforce that the Federal Reserve's cross-border ACH services are substantially enhanced from the previous generation," says Elizabeth McQuerry, an assistant vice president at the Federal Reserve Banks' Retail Payments Office.

Twenty-two European countries, including all of the major economies in the Single Euro Payment Area (SEPA), are targeted for the initial country expansion along with service to Panama. Future growth into Latin America and other key geographic areas such as Asia is also planned for FedGlobal Services.

Foreign exchange options are also being expanded. These enhancements include enabling the originating depository financial institution to manage its own foreign exchange rate for payments denominated in the British pound, Euro, and Mexican peso. U.S. dollars converted to a variable amount of destination currency at a competitive foreign exchange rate will continue to be available for all destination countries.

Additional new payment delivery alternatives also will be introduced later this year. While payments between deposit accounts will continue, a new option will allow transfer of funds from accounts at U.S. depository financial institutions to unbanked receivers at bank locations or at trusted, third-party providers.

This new option will help expand individual (receiver) access to cross-border ACH services in select countries, enabling further growth in cross-border payments.

“Banks and credit unions have been requesting this service for several years now,” notes McQuerry. “The IAT contains all of the Travel Rule information, making it possible for financial institutions to efficiently offer this type of cross-border ACH transfer using the same robust compliance measures applied to account-to-account transfers. We will soon be releasing the country reach and details for this new payment option. Initially, this product will be offered to Latin American countries.”

The Federal Reserve Banks worked closely with NACHA, financial Institutions and the international payments community to develop this comprehensive offering.

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Representatives from the Federal Reserve Banks will be available to discuss FedGlobal ACH Services at NACHA's PAYMENTS 2009 Conference on Monday, April 6, at 10:00 AM in the St. Louis Room, and at booth #1007 throughout the conference. For more information about FedACH Services, please visit [FRBservices.org](http://FRBservices.org).