



Financial Services Policy Committee
Federal Reserve System



Federal Reserve Contact

Jim Savage, FSPC Spokesman
1-216-579-3079
James.g.savage@clev.frb.org

Banco de México Contact

Ricardo Medina, Director Payment Systems
52 55 52 27 86 49
rmedinaa@banxico.org.mx

Banco Rendimento Contact

Ketchum Estratègia
Tel: 55 11 5090-8900
Paloma Vega – 55 11 5090-8933 – paloma.vega@ketchum.com.br
Ana Paula Telles – 55 11 5090-8935 – anapaula.telles@ketchum.com.br
Rodrigo Santos – 55 11 5090 8906 – rodrigo.santos@ketchum.com.br

MFIC Contact

Yasuko Fumuro, VP, Public Relations
1-202-503-1078
yfumuro@mfi-corp.com

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**Federal Reserve Banks collaborate with Banco de México (The Central Bank of Mexico),
Banco Rendimento, and MFIC to offer remittance service to Latin America**

The Federal Reserve Banks in collaboration with Banco de México, Banco Rendimento, and Microfinance International Corporation (MFIC) recently launched a new international payments service that allows funds from accounts at a U.S. depository financial institution to be sent to unbanked receivers for retrieval at either a bank location or at a trusted, third-party provider in 11 Latin American countries. The “Account-to-Receiver” service is an expansion of the Federal Reserve Banks’ FedGlobalSM ACH Payments suite, which enables automated clearing house transactions between the United States and Canada, Mexico, Europe and Latin America. This feature dramatically improves the ability of U.S. depository financial institutions to enroll new customers who want to send funds back home to family members without bank accounts. The Reserve Banks work directly with Banco de México, the Mexican central bank, to provide the service to receivers in Mexico, and with Banco Rendimento and MFIC to reach receivers in 10 other countries.

“This initiative is in keeping with the Federal Reserve Banks’ responsibility for making the payments system more efficient and effective,” said James McKee, senior vice president, Retail Payments Office at the Federal Reserve Bank of Atlanta. “This service responds to demand from U.S. depository financial institutions which would like to offer a lower cost alternative for sending funds internationally along with an opportunity to attract new customers.”



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“Banco de México has worked closely with the Federal Reserve Banks for several years to develop innovative services to support the huge demand for cross-border payments between our countries,” commented Ricardo Medina, director, Payment Systems at Banco de México. “This latest offering will be especially beneficial to families here in Mexico with friends and relatives in the United States.”

The United States originates more than \$110 billion in individual remittances annually, according to an estimate by Manuel Orozco, chair of Central America and the Caribbean at the U.S. Foreign Service Institute and senior researcher at the Institute for the Study of International Migration. Because financial systems are underdeveloped in some countries that receive large numbers of remittances, a majority of recipients lack a bank account and prefer to collect money in cash.

Atsumasa Tochisako, president and CEO of MFIC, noted, “We are happy to contribute to an initiative which will fulfill our mission to increase access to financial services and offer an attractive business opportunity for banks. ARIAS, MFIC’s money-transfer platform, is a good solution for the Federal Reserve and U.S. banks because of its wide distribution network, strong compliance and state-of-the-art processing technology.”

The account-to-receiver service is similar to an account-to-account payment service except that the receiving account does not belong to an individual but to a financial institution or trusted third party that acts as a disbursing agent. The complete identifying information for the sender and receiver is included in the ACH file, just as with account-to-account payments. Additionally, as a security measure on the receiving end, the receiver must provide a password tied to the payment along with valid identification.

“Banco Rendimento is honored to be selected to support a service that makes international payments more secure, efficient and inexpensive for the immigrant. Through this collaboration, we hope to increase access to this type of service and expand our share in the remittance segment,” said Mauricio Carmagnani, international relationship manager at Banco Rendimento.

The account-to-receiver service will be available to 11 countries including Argentina, Brazil, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Peru, and Uruguay. This service is possible because of the new International ACH Transaction (IAT) rule that went into effect last year. The IAT includes the travel rule data needed for regulatory compliance with the Office of Foreign Assets Control and the USA Patriot Act.

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The Financial Services Policy Committee

The Financial Services Policy Committee (FSPC) is responsible for the overall direction of financial services and related support functions for the Federal Reserve Banks, as well as for providing Federal Reserve leadership in dealing with the evolving U.S. payments system. The FSPC is composed of three Reserve Bank presidents and two Reserve Bank first vice presidents.

FedACH[®] Services

The Federal Reserve Banks are collectively the largest ACH operator in the United States, with almost 40 years of experience and ACH expertise. The Federal Reserve Banks provide reliable, high-quality and cost-effective ACH services to financial institutions across the country. Serving more than 21,000 ACH participants, the Federal Reserve Banks' dependability and commitment to service enable depository financial institutions to provide high-quality ACH services. For more information regarding FedACH Services or other Federal Reserve Financial Services, please visit www.FRBservices.org.

Microfinance International Corporation

MFIC offers money transfer solutions as part of its efforts to improve financial integration of the unbanked worldwide. MFIC's money-transfer system, ARIAS, is equipped with functionalities that are essential for financial institutions operating under various regulatory and business environments. It facilitates real-time automated compliance monitoring required under current anti-money laundering regulations, and accommodates various banking systems and interfaces, such as mobile phone and POS devices that developing countries increasingly depend on to deliver financial services. MFIC also offers compliance consulting to financial institutions under the brand name of Ascella Compliance, and operates Alante Financial, a network of financial service centers targeted to unbanked immigrants.

Banco de México

Banco de México is the central bank of Mexico, one of its functions is to promote safety and efficiency in the payment systems. Banco de Mexico operates the SPEI (Interbank Electronic Payment System), which is the backbone of the Mexican payment systems.

Banco Rendimento

Founded in 1992, Banco Rendimento is one of the largest suppliers of Bank Notes to the Brazilian market, importing and exporting a variety of currencies, as well as offering complete Foreign Exchange advisory services to its clients. The International Services area offers a complete portfolio of products that includes international transfers, cheques buying and the possibility to open checking accounts in foreign currencies. In partnership with Visa, Banco Rendimento operates extensively in the card sector and is currently the largest issuer of the Visa



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Travel Money Card for international travelers. The Bank also has a Trade Finance area that finances foreign trade operations for importers and exporters.

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