



COMMUNITY BANKERS

B A N K

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# CB Solutions

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## International Cash Letters and Check Collections

**Q:** Are you unsure just how to process checks that are drawn on depository institutions outside of the United States?

**A:** As more and more companies export goods and services globally, finding a streamline solution for collecting and converting foreign currency payments is crucial and CBB can help you simplify the collection process. Our foreign services partner, Travelex, is the world's largest foreign exchange specialist and non-bank provider of international payments.

Cash Letters are foreign checks in foreign funds drawn on a bank in the same foreign country, for example, a British Pound check drawn on a bank in England. The exception is that U.S. Dollar checks drawn on Canadian Banks can be processed as cash letter items.

CBB will collect foreign drafts or checks that are deposited at your bank and forward them to Travelex who pays upon the receipt of the item, rather than waiting for the funds to clear through the foreign bank. We send these checks for Conditional Payment unless you designate otherwise...which means you get credited in 4-6 days, but the check could be returned once it reaches its final destination. After payment is received from Travelex, we will credit your account and notify you of the payment details. In contrast to the high international collection fees that other banks typically charge, our current fee for these is \$8.50 per item for Shareholders and \$10.50 per item for Non-Shareholders.

If you designate the items as Final Collection, the minimum check for this method is \$200 USD value and the process could take 6-8 weeks for final payment to be received. After final payment is received, we will credit your account and notify you of the payment details. Our current fee for these is \$35 per item for Shareholders and \$40 per item for Non-Shareholders.

It is important for foreign check customers to be aware that U.S. return item deadlines and policies do not apply to checks drawn on banks located in foreign countries. There often is no predictable pattern in some institutions' crediting and subsequent return practices. As such, where we are used to "timely" return of items, you could experience a return on an item weeks after the original credit is passed. If a foreign funds check is returned, it may result in a loss to your bank customer due to the market movement as the transaction will be reversed at the current market rate. Also, as a general rule of thumb, industry practice suggests that an item sent as Final Collection is safe from return; however, this is not the case when the item is determined to be forged or fraudulent. In order to protect the interests of your institution and your customers, it is important when dealing with foreign items to "know your customer" and ensure that they are confident in the sources of foreign items they are depositing with you.

If you need more information regarding Foreign Check Collection and Cash Letter services, please contact:

Marnee Harris at [mharris@cbbonline.com](mailto:mharris@cbbonline.com) or 804-794-5885, ext 117 or  
Jen Dodson at [jdodson@cbbonline.com](mailto:jdodson@cbbonline.com) or 804-794-5885, ext 134 or  
Kathleen Mojica at [kmojica@cbbonline.com](mailto:kmojica@cbbonline.com) or 804-794-5885, ext 126

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