The definitive business guide to global payment methods and solutions

veem®

Global payment solutions simplified

Once upon a time, businesses could pay each other relatively simply. Walk across town, deliver the cash or check, and the transaction was completed. But, as people have migrated and technology has advanced, this method has become much, much less common. Globalization has changed the way business is done. It's now common to work with businesses located on the other side of the planet. The old methods of paying and getting paid simply can't keep up. Unless you're paying your babysitter.

Payments are the core of every business, which is why learning how to send money safely, quickly, and internationally is key to your SMB's success.

IBANs, EFTS, FX, and BIC. The global payment process certainly isn't short on confusing acronyms. When sending money abroad, SMB owners are faced with a dazzling array of banking and financial jargon. Luckily, transferring payments around the globe doesn't require a finance degree. With a little research and the right tools, sending money around the world takes only a few clicks.

"The old methods of paying and getting paid simply can't keep up."

Electronic Payments 101

Electronic Payments 101

Sending money with the click of a button can be intimidating, but chances are you already use an electronic payment method in everyday life. If you pay your mortgage, utility bill, or cellphone bill automatically, you are using an electronic payment system. If you receive your payroll or other compensation via direct deposit, that's an electronic payment as well. If your friends transfer you cash to pay for their share of dinner...you get it.

Different countries have different methods of sending money within their own borders (also known as domestic payments). Common systems for sending money domestically include ACH, EFT, and SEPA.

“If you pay your mortgage, utility bill, or cellphone bill automatically, you are using an electronic payment system.”

ACH

ACH, the American method

In the United States, the ACH handles domestic payments. ACH, or Automated Clearing House, is a method of clearing credit and debit payments online.

It can be used for business-to-consumer (B2C) payments, such as when you pay a monthly phone bill, business-to-business (B2B) payments, like a company paying rent on their office space, or person-to-person (P2P) payments, for example paying a friend back after a night out.

ACH transactions take about 3-5 business days to process. To send an ACH payment, you will need the name of the recipient's financial institution, the recipient's account type (checking or savings), their account number, and their bank's ABA number.

ABA (American Bankers Association) numbers are nine digit codes that identify banks in the US, like an address. They are also known as routing transit numbers (RTNs).

EFT

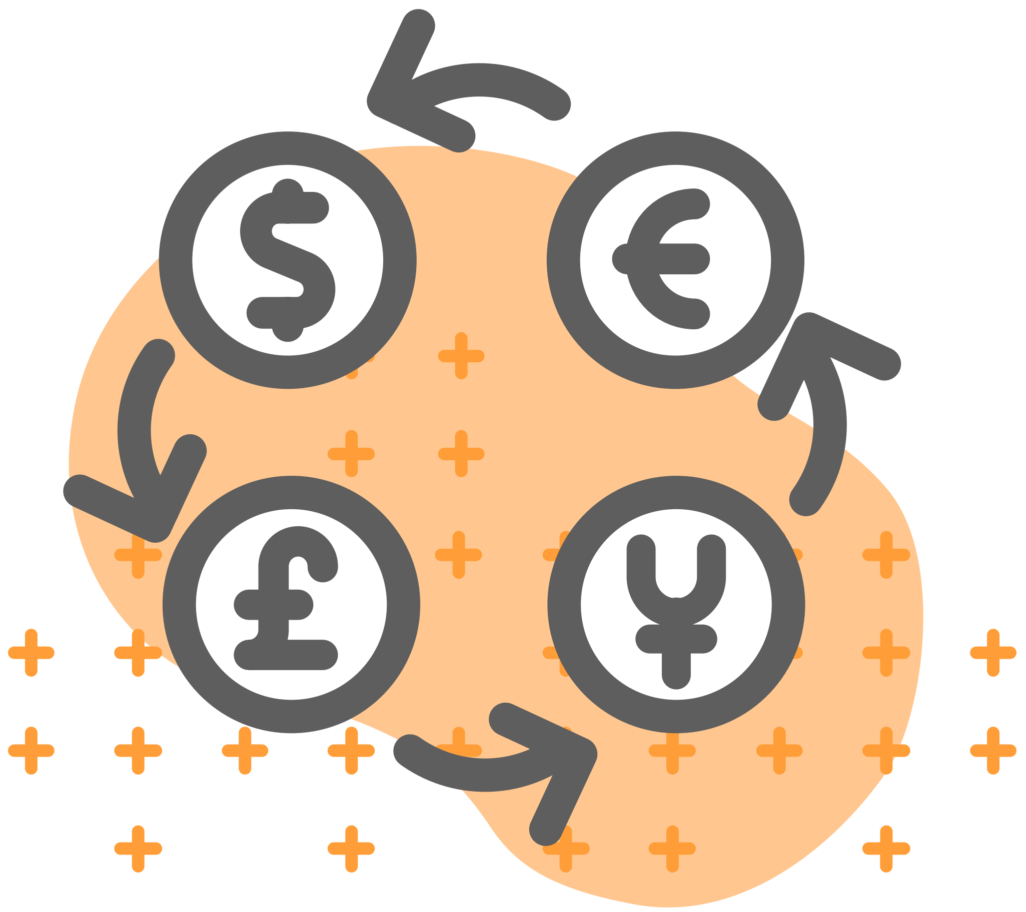
EFT, for Canadians

EFT stands for electronic funds transfer, so technically all money moved electronically is an EFT. However, the term EFT typically denotes the system used to move money within Canada.

EFT removes funds from one account and immediately sends the payment to someone else. The system verifies that the funds are in the account before withdrawing them, so if you have insufficient funds, EFT won't work. This helps avoid costly overdraft fees.

EFT payments can be used for B2C, B2B, or P2P payments. EFT transfers typically take one to three business days to land in the receivers' account. To send an EFT payment, you will need the receiving bank account number, bank routing number (similar to an IBAN), and amount.

SEPA



SEPA - the Eurozone and beyond

In the Eurozone, a process known as SEPA is used to move funds electronically. SEPA, or the Single Euro Payments Area, is used by 36 countries, mainly within the EU.

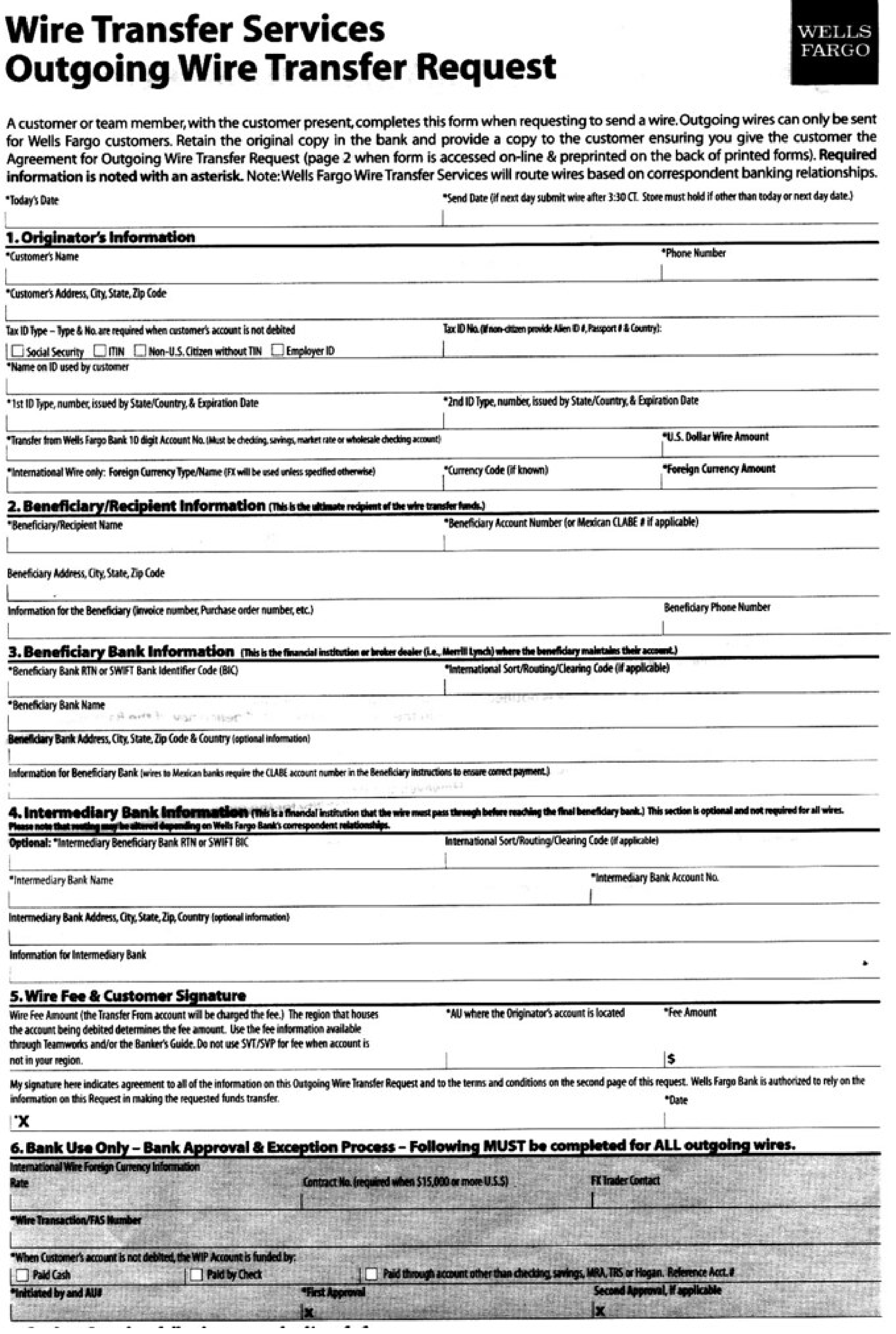
Essentially, SEPA simplifies international money transfers between different European banks, making them equivalent to domestic transactions. SEPA transactions are always conducted in euros, so if your payment isn't in euros, a currency exchange will take place. This can come with an additional fee, and leave you at the mercy of the bank's forex rate. SEPA can be used for B2B, B2C, or P2P payments.

SEPA payments typically take 3 to 5 business days to process. SEPA payments require the receiver and payer to provide their IBAN (International Bank Account Number). This number contains information on both the location of the recipient's bank and the account number.

Sending payments internationally

SWIFT or BIC codes are used to identify the receiving bank when sending money internationally. Similarly, many banks use IBAN, which identifies the specific account that the money is being sent to. Like an address, this standard format allows banks around the globe to connect to specific bank accounts. IBANs are also known as routing numbers.

Some electronic payment systems, such as SEPA, are able to cross certain borders, for example from the UK to France. However, sending money internationally often requires a different service. For example, ACH strictly handles domestic payments, so if you're an American looking to send money outside of the US, you will need a different method, such as a wire transfer, check, or a digital solution.



Wire Transfer Services

Outgoing Wire Transfer Request

WELLS FARGO

A customer or team member, with the customer present, completes this form when requesting to send a wire. Outgoing wires can only be sent for Wells Fargo customers. Retain the original copy in the bank and provide a copy to the customer ensuring you give the customer the Agreement for Outgoing Wire Transfer Request (page 2 when form is accessed on-line & preprinted on the back of printed forms). **Required information is noted with an asterisk.** Note: Wells Fargo Wire Transfer Services will route wires based on correspondent banking relationships.

*Today's Date
*Send Date (If next day submit wire after 3:30 CT. Store must hold if other than today or next day date.)

1. Originator's Information

*Customer's Name
*Phone Number
*Customer's Address, City, State, Zip Code
Tax ID Type – Type & No. are required when customer's account is not debited
☐ Social Security ☐ ITIN ☐ Non-U.S. Citizen without TIN ☐ Employer ID
Tax ID No. (If non-citizen provide Alien ID #, Passport # & Country):
*Name on ID used by customer
*1st ID Type, number, issued by State/Country, & Expiration Date
*2nd ID Type, number, issued by State/Country, & Expiration Date
*Transfer from Wells Fargo Bank 10 digit Account No. (Must be checking, savings, market rate or wholesale checking account)
*U.S. Dollar Wire Amount
*International Wire only: Foreign Currency Type/Name (FX will be used unless specified otherwise)
*Currency Code (if known)
*Foreign Currency Amount

2. Beneficiary/Recipient Information (This is the ultimate recipient of the wire transfer funds.)

*Beneficiary/Recipient Name
*Beneficiary Account Number (or Mexican CLABE # if applicable)
Beneficiary Address, City, State, Zip Code
Information for the Beneficiary (invoice number, Purchase order number, etc.)
Beneficiary Phone Number

3. Beneficiary Bank Information (This is the financial institution or broker dealer (i.e., Merrill Lynch) where the beneficiary maintains their account.)

*Beneficiary Bank RTN or SWIFT Bank Identifier Code (BIC)
*International Sort/Routing/Clearing Code (if applicable)
*Beneficiary Bank Name
Beneficiary Bank Address, City, State, Zip Code & Country (optional information)
Information for Beneficiary Bank (wires to Mexican banks require the CLABE account number in the Beneficiary instructions to ensure correct payment.)

4. Intermediary Bank Information (This is a financial institution that the wire must pass through before reaching the final beneficiary bank.) This section is optional and not required for all wires. Please note that routing may be altered depending on Wells Fargo Bank's correspondent relationships.

Optional: *Intermediary Beneficiary Bank RTN or SWIFT BIC
International Sort/Routing/Clearing Code (if applicable)
*Intermediary Bank Name
*Intermediary Bank Account No.
Intermediary Bank Address, City, State, Zip, Country (optional information)
Information for Intermediary Bank

5. Wire Fee & Customer Signature

Wire Fee Amount (the Transfer From account will be charged the fee.) The region that houses the account being debited determines the fee amount. Use the fee information available through Teamworks and/or the Banker's Guide. Do not use SVT/SVP for fee when account is not in your region.
*AU where the Originator's account is located
*Fee Amount
$
My signature here indicates agreement to all of the information on this Outgoing Wire Transfer Request and to the terms and conditions on the second page of this request. Wells Fargo Bank is authorized to rely on the information on this Request in making the requested funds transfer.
*X
*Date

6. Bank Use Only – Bank Approval & Exception Process – Following MUST be completed for ALL outgoing wires.

International Wire Foreign Currency Information
Rate
Contact No. (required when $15,000 or more U.S.$)
FX Trader Contact
*Wire Transaction/FAS Number
*When Customer's account is not debited, the WIP Account is funded by:
☐ Paid Cash ☐ Paid by Check ☐ Paid through account other than checking, savings, MRA, TRS or Hogan. Reference Acct.#
*Initiated by and AU#
*First Approval
X
Second Approval, if applicable
X

Wire transfers FAQ

The oldest and most common method of sending money internationally (besides by bird) is by wire transfer. Wire transfers are also known as bank transfers or credit transfers. The term 'wire transfer' comes from the original network of telegraph wires on which the transfers were sent. The first wire transfer service was established by Western Union in 1872.

Since then, wire transfers have modernized. They can be sent electronically (online), over the phone, or by physically depositing cash at a bank or other financial institution.

Wire transfers were originally used by large banks, however other financial institutions (that aren't banks) also provide this service. Sending a wire transfer through a bank requires both the sender and the receiver to have a bank account, while sending a wire transfer through another financial entity does not require bank account numbers.

Examples of nonbank financial institutions that provide wire transfer services include Western Union, and Moneygram. Some wire transfers can even be sent anonymously. However, you should never wire money to an unknown party. If that person were to engage in financial crime, you could potentially be liable.

How do wire transfers work? How long do they take?

When a wire transfer is sent, the receiving bank uses the information sent by the initiating bank and deposits its own reserve funds into the receiver's account. Then, the two banks settle the payment on the back end after the money has been transferred. So, no

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physical transfer is made during a wire transfer. This is why wire transfers are a quick way to send funds internationally; most wire transfers take about two business days to process.

It's important to remember, however, that you will encounter different cultural holidays than what you are used to when sending money abroad. This can delay your expected delivery, as banks will not be open when there is a holiday in their home country.

For example, if you are sending money to Canada from the US, you could encounter unexpected delays around the second week of October, when Thanksgiving is celebrated in Canada. Every country has its own unique celebrations, so be sure to review upcoming holidays if you are in a hurry to send or receive funds internationally.

How are wire transfers sent?

To send a wire transfer, you will need to provide detailed banking information about your receiver, including SWIFT or BIC code, IBAN or bank account number, recipient's name, and amount transferred. You can provide this information in person at your local bank branch, or (if they offer this service) online. Enquire with your bank if they offer an online wire transfer service.

What do wire transfers cost?

Wire transfers can become quite expensive. The initiator of the wire transfer pays for the service up front at the sending financial institution, and it's common for the receiver to pay a 'landing fee' or 'incoming fee' to accept the payment.

Financial institution	Incoming domestic wire	Outgoing domestic wire	Incoming international wire	Outgoing international wire
Bank of America	$15	$30	$30	$35 sent in foreign currency; $45 sent in U.S. dollars
Capital One 360	$0*	$30	Not available	Not available
Chase	$15	$25	$15	$5 sent in foreign currency; $40 sent in U.S. dollars
Citibank	$15	$25	$15	$35
Fidelity	$0*	$0*	$0*	3% of amount in foreign currency;
HSBC Bank	$15	$35	$15	$35
PNC Bank	$15	$30	$15	$45
USAA	$0*	$20	$0*	$45
U.S. Bank	$20	$30	$25	$50
Wells Fargo	$15	$30	$16	$35 in foreign currency; $45 in U.S. dollars

The median fee to send a wire transfer from the US to another country is $45.00 USD, and the median incoming or landing fee to accept an international wire transfer in the US is $13.00 USD.

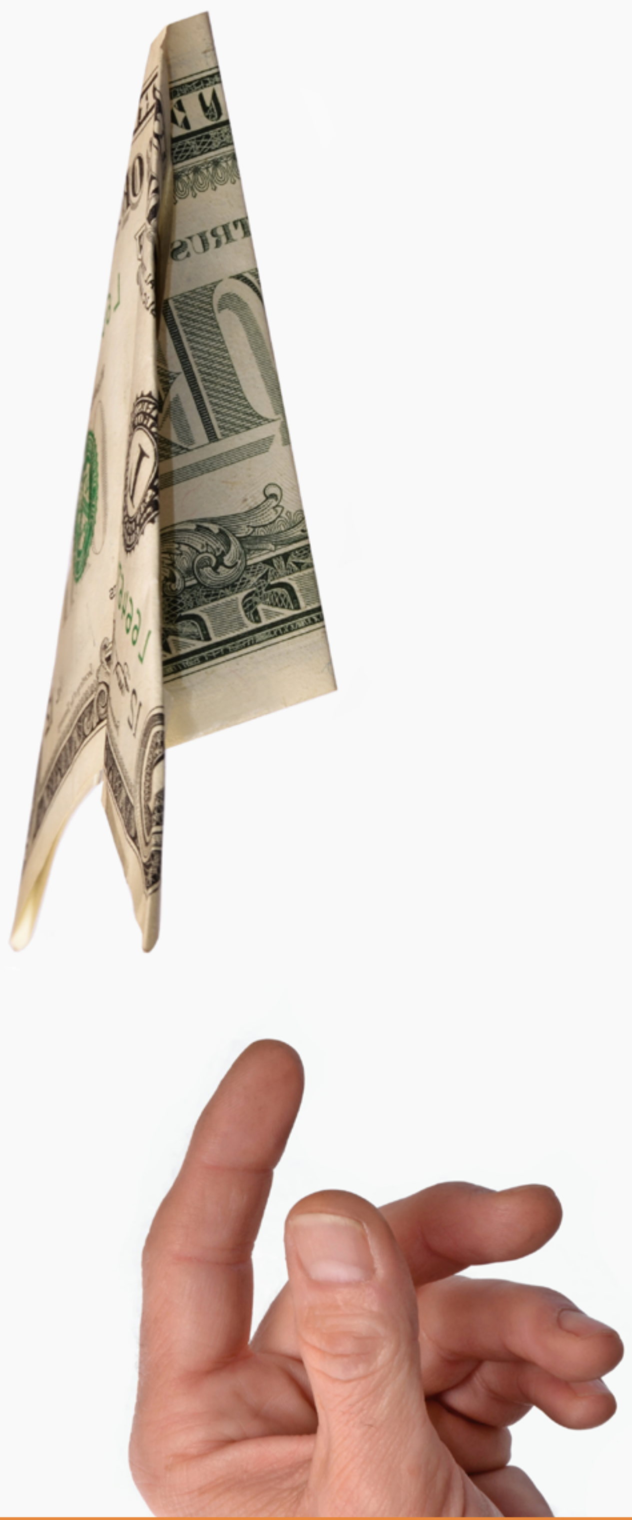
Plus, any intermediary banks used to send a wire transfer can charge a fee. For example, if you are sending a payment from Bank A to Bank B, the payment's pathway might actually be Bank A (the initiator) to Bank C, to Bank D, to Bank B (the receiver). In this instance, Bank C and D can also charge a fee for their role in the process. Neither the sender nor the receiver need to agree to these fees; many financial institutions charge them automatically.

Before sending a wire transfer, ask your bank or financial institution for a detailed breakdown of their fee structure. This way, you can accurately tell your payee how much money they can expect to receive. It's best to come to an agreement with your international business partners about who will pay what fees before sending any payments. This helps avoid the need to send another payment after the first was smaller than expected. Nobody wants to have an awkward 'what happened to the rest of my money' conversation, so be upfront from the beginning about who will pay what fees.

What are the limitations of wire transfers?

Because wire transfers move funds around the globe, international wire transfers must adhere to a specific set of rules designed to prevent money laundering and terrorist funding. If the sending bank has reason to suspect any illegal activity, they have the authority to freeze the funds and stop the transfer from being processed.

KYC (Know Your Customer) regulations require banks to collect information about their customers. Individuals often have to provide



proof of identity, such as a passport. Businesses face even stricter rules and are often required to provide a copy of their business license, incorporation, or partnership agreement. Both individuals and businesses may be asked to prove the source of the funds, for example by providing an invoice or employment record. If you're sending a wire transfer for the first time, be prepared to provide your bank with enough information to comply with KYC regulations.

In order to avoid unexpected delays due to investigations, it is helpful to know what types of transactions officials monitor. Situations that are commonly subjected to further investigation include:

- Transfers to safe haven countries
- Transfers to non-account holders
- Regular transfers without a viable reason
- Incoming and outgoing wires with the same dollar amount
- Large amounts wired

As well, many wire transfer services place their own limits to discourage money laundering. Wire transfers can be limited by dollar amount (e.g. you cannot send more than $1000 USD) or by frequency (e.g. you cannot send more than 3 transfers to the same account in one week).

For example, the popular money transfer service MoneyGram limits the amount of each transfer to $899.99, and limits the total monthly transfers sent by an individual to $3000. Be sure to check with an institution if they have a transfer limit before using them.

What's wrong with checks?

Simply sending a paper check in the mail is the tried and true method of sending funds overseas. However, not all checks are created equal.

A **personal check** is a check attached to an individual's bank account, as opposed to a

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business. They are considered less secure. This is because if the individual doesn't have enough funds in their account to cover the amount of the check, it will bounce when it is deposited, meaning it will be rejected and the payee will not receive any funds. The account holder may also face an expensive overdraft or bounce fee.

A **cashier's check** solves this issue, because the amount of the check is guaranteed by the issuing bank, not the individual. Cashier's checks are pre-printed and signed by a bank official, not the account holder, so they are processed and accepted faster than regular checks. Cashier's checks and the additional security they provide are often used for large purchases.

A certified check provides similar levels of security as a cashier's check. A certified check means both the signature of the account holder and the funds in the account have been certified by the bank. Therefore, certified checks can't bounce due to insufficient funds, because the funds are 'certified' by the bank. Kind of like a credit card.

A money order is like a cashier's check, but instead of the bank guaranteeing the funds, the issuer prepays the amount. Money orders are like personalized cash, or cash that can only be used by the recipient. Because you prepay the amount of the money order when you purchase it, they do not require the issuer or the recipient to have a bank account.

Check limitations

Like any form of payment, checks have their limitations. If the paper check is lost or damaged, you will have to provide the receiver with another. If your check, money transfer, or other monetary instrument (including cash) is for a large amount of money, you may face additional security measures. For example, any monetary instrument entering the United States over $10,000 USD must be reported to the US Customs and Border Protection Agency.

Check fraud is among the oldest and most common financial crimes worldwide. Checks can be counterfeit (not written or authorized by a legitimate account holder), forged (not signed by the account holder), or altered. For example, if it was intercepted and the payee or amount was tampered with.

Unless it's a cashier's check, there's always a chance that the individual issuing the check doesn't have enough funds to cover the amount. If you've received a 'bad check' or a 'bounced check', there are very few protections available to recover your money.

Check costs

While checks are an older method of payment, they are not free. Banks and other financial institutions often charge fees for opening and maintaining a checking account. You may also be charged a printing fee for the actual physical checks themselves, depending on your financial institution.

Cashier's checks mean extra fees. The average cashier's check costs around $10.00 USD, although some banks may offer them to account holders for free. Keep in mind you will also have to physically go to a bank to purchase a cashier's check, as they usually can't be ordered online or over the phone.

Certified checks also come with fees. Depending on the financial institution, you may have to pay an additional fee to have your check certified. Like a cashier's check, you will have to go to the physical bank location to have your check certified by an official.

While money orders don't have substantial fees, they also aren't free. They typically cost between $1.00 - $5.00 USD. Money orders often have a maximum limit of $1000.00 USD, making them unsuitable for large purchases, or most B2B payments.

Another cost associated with checks is their physical delivery. Unless you plan to hand deliver your check, you will need to pay a shipping company, postal service, or other certified delivery service to ensure your check arrives.

Check timeframe

When a payment via check will clear (or become available) depends on the type of check, the amount sent, and the recipient's standing with their bank. Cashier's checks and certified checks are often faster, because they've been pre-approved by the bank. Checks for a large amount of money will often take longer, as there are additional security protocols involved. Usually, checks take about three to five business days to fully clear and for the funds to become available.

Another factor affecting your check's timeframe is the delivery method. International mail can be slow and expensive. Guaranteed delivery, registered mail, or requiring signature on delivery are additional security options offered by many delivery companies. However, this extra security and increased speed will raise your costs.

FX Rates explained

In addition to the fees associated with sending money abroad, there is also the cost to exchange the currency. Unless you're paying someone in your home country's currency, either you or your recipient will need to pay to exchange the payment into a different currency. This cost is often hidden during the payment process.

Ask your bank what spread they can offer you. Spread is how financial institutions make money on foreign exchanges. 'Spread' simply refers to the fee that the exchanging institution is charging.

Banks and other financial institutions purchase foreign currencies at what is called the **mid-market rate** or **interbank rate**. This is the rate that you will see if you Google "USD to CAD," for example. Then, they will charge slightly more than the mid market rate when exchanging your payment to the desired currency, ensuring the bank or financial institution is making a profit.

The value of various currencies is constantly fluctuating depending on global trade patterns, political matters, and other macroeconomic trends. Often, it can be cheaper to convert the payment into the receiver's desired currency before sending it.

Don't be afraid to shop around for the best FX rate available. While many savvy travellers know to avoid currency exchanges in airports, businesses often accept the rate given to them by their bank. However, each bank and financial institution will charge a different spread, and some may even offer a discount for high volume exchanges. When dealing with FX rates, doing your homework can pay off.

“When dealing with FX rates, doing your homework can pay off.”

Fintech and the new standard for global payment solutions

In the pre-internet era, SMBs were often forced to choose between two or three local banks. Thanks to the Internet, there has been an explosion in a new market known as 'fintech.' Now, small business owners can choose from a variety of services to move money around the world.

What is 'fintech'?

Fintech is simply a combination of the words financial and technology; fintech refers to a technology that enables a financial process or serves a financial need. Examples of fintech include mobile banking apps, crowdfunding websites, and domestic or international payment providers like Venmo, PayPal, or Veem. These days, most nonbanks that offer wire transfer services are considered fintech.

While fintech may seem new, untested, and a scary way to move your hard earned money, it's important to remember that it has actually been around for a long time. In 1918, the US Federal Reserve Bank developed the Fedwire Funds Service, the precursor to the modern Fedwire service used today to send funds domestically within the US.

Credit cards, ATMs or ABMs, and NASDAQ are all examples of fintech innovations. Modern fintech products, such as cryptocurrencies like Bitcoin, are often surrounded by controversy and given a bad rep. However, it's important to remember that fintech does not equal cryptocurrency. Some of these innovators are just out there to help improve long outdated payments processes.

Fintech and SMBs: a perfect pairing

Today, businesses are faced with a dazzling array of payment options. So many choices, in fact, that its difficult to discern which payment option is the right fit for your needs.

Large corporations rely heavily on traditional wire transfers. International

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corporations (and their large bank accounts) often receive custom rates from the bank, and have their transfers processed faster. This means that a large multinational business won't pay as much as a smaller business. Either at the time, or in the time wasted waiting for funds to send or arrive. Luckily, many fintech providers have stepped in to fill this need and help SMBs move their money quickly, securely, and affordably.

Is fintech secure?

Fintech is democratizing the global payment process. Contrary to what some will tell you, new technological advances allow for enhanced security, efficiency, and reliability when sending money internationally.

While blockchain technology is often equated with cryptocurrencies like Bitcoin, the two are not mutually exclusive. Bitcoin and other cryptocurrencies are a single use of blockchain technology.

While all cryptocurrencies use blockchain, not all blockchains are used for cryptocurrency.

While Bitcoin is the most famous instance of blockchain, the technology is also used in contract law, marketing, supply chain management, healthcare, and finance.

Fintech options for payments

When it comes to selecting a fintech provider, businesses face a variety of choices. Depending on your needs, different fintech solutions may be best for your global payments.

"Fintech is democratizing the global payment process."

PayPal or Xoom

PayPal was one of the first fintech companies. Originally strictly used for P2P and B2C payments, Paypal now offers international B2B payments under a service called Xoom.

PayPal doesn't charge a fee to open an account or to send a payment. However, when receiving a payment you should expect to pay fees.

On top of expensive exchange rates, PayPal charges a fee to both send and receive international payments.

Xoom, which is owned by PayPal, also charges a fee to send and receive payments internationally. With Xoom, your recipient can choose to receive the payment in their bank account, or to pick up the cash at a physical location.

Xoom, like PayPal, has a variable transfer amount limit, depending on the location of your recipient. Neither PayPal nor Xoom offer payment tracking, meaning the transparency and security of your payments is low.

Transferwise

Transferwise is another player in the global payments space. Transferwise can be used to make personal or commercial payments. Transferwise for Business offers businesses a way to send and receive payments internationally.

Transferwise doesn't charge a fee to create an account or monthly account fees. The company makes money on small transaction fees, as well as forex (foreign exchange) fees when exchanging currency. Transferwise prides itself on its transparent fee structure.

Transferwise for Business offers business friendly features like batch payments and integrations with accounting software.

Transferwise offers rudimentary payment tracking; however, customer service can be slow to respond to queries. Transferwise does impose a maximum limit on the amount you can send, so double check that it can meet your business's needs.

If you choose to use Transferwise, expect your payments to take one to four business days to clear.

Veem

Veem is a relationship based payments network, meaning that all transacting parties are connected together via the Veem network. This allows for complete transparency, as both the sender and the receiver can see where their money is at any time. This enhances business relationships by increasing security and trust. Payments with Veem take one to five business days to process.

There is no fee to create or to maintain a Veem account. Features like a custom pay link, personalized invoices, two factor authentication, a dedicated account manager, and payment tracking are also free of charge. Veem also offers financial services like locked FX rates when converting currency, access to working capital loans, and an online wallet.

Integrations with popular accounting and bookkeeping software like Netsuite, Xero, and Quickbooks means payments are easily tracked and logged when using Veem. With over 125,000 businesses served, Veem is changing the way international business is done.

Payment method:	International?	How many business days?	Fees	Security
ACH	No	3-5.	Little to no fees, with a checking account at a participating FI.	Revocable/reversible. Consumer protections in place.
Check	Yes	3-5. International delivery can take up to 21 business days.	Checks themselves are quite affordable, but delivery and certification adds up.	Choose a cashier's check and registered mail for the most security for your check.
Wire transfers	Yes	Domestic transfers can be instantaneous (typically with an additional fee.) International wires take 3-5 business days	Expensive fees are charged by each intermediary bank, including the sending and receiving.	Little tracking available via the SWIFT system. Extremely difficult to reverse.
PayPal	Yes	Typically 3-5 business days. Instant transfers available in some cases, for an additional fee.	Expensive FX rates. Both the sender and receiver pay fees.	Payment tracking is difficult and unreliable. Little security for customers who have been scammed.
Transferwise	Yes	1-4	Sender pays per transaction. Additional fees are charged for international features.	Larger payments are often capped or cancelled due to insufficient KYC verification.
Remitly	Yes	Variable: either within 1 business day (for an additional fee) or within 3-5 business days.	Free to set up account. Affordable FX rates. **Can't be used for commercial or business payments.	Payment tracking available
Veem	Yes	1-5 business days, depending on final destination.	Send international payments for free.	End to end payment tracking provides both parties with real time information on where payment is at any time.

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Looking for a better way to send and receive global payments securely and quickly?

Contact us at sales@veem.com to book a demo or learn more about Veem

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