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UNIVERSITY

International Account Management

MAAFP Financial Forum

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JHU's Foreign Field Offices/Sites





Relationship Banking



Benefits of Relationship Banking

- Relationship people located in New York or in-country that can facilitate issues, along with adding services.
- Create greater visibility on bank accounts either through manual bank balance reporting or through the use of a treasury workstation.
- As a result of problems that may arise in a region, such as political uprising or civil war, having these banking partners are key, in efforts to pull funds out-of-country.
- Account opening documentation becomes more consistent.
- Relationship banks can serve in a consultative role when attempting to open an account in countries where there is no branch presence by recommending partner banks to do business with.

Background

Prior to Centralization

- Bank accounts were routinely opened in the name of the employee or project
- Country Director, Principal Investigator or someone working in the office would select the bank based on its close proximity to the office
- JHU did not have a policy concerning registering in-country. JHU only registered in countries where it had a very large presence or it was a government mandate.
- Banking relationships were not consolidated with any key banks
- Original account opening documentation was not centralized, therefore identifying where bank accounts were held was difficult and time consuming
- JHU centrally, did not have the ability to view account balances or activity, which presented controls issues

Background (con'd)

After Centralization

University-wide focus on international activities, including banking, resulted in the following:

- Creation of areas such as International Compliance and dedication of resources in Treasury for International
- Creation of IFWG (International Finance Work Group), consisting of participants from Treasury, International Compliance, Sponsored Research and others, which meet quarterly to discuss international concerns
- Establishment of an International Banking Policy
- Establishment of guidelines for registration of projects with country governments
- Development of the centrally maintained International Banking Database which maintains information on all bank accounts (i.e. signatories, documentation, account ceilings)
- Centralization of relationship banking with a few key banks

Bank Selection

Consolidate bank relationships with a few key providers:

- Selection should be first based on current banking configurations within the region (i.e. how many accounts are currently with one bank).
- Footprint and branch coverage of bank
- Financial strength of bank
- Credit needs/capabilities
- Banks calling effort in the US or New York office
- Diversity of product offerings: mobile banking, debit cards, on-line balance reporting, etc.



Outgoing Payment Solutions

Mobile Money

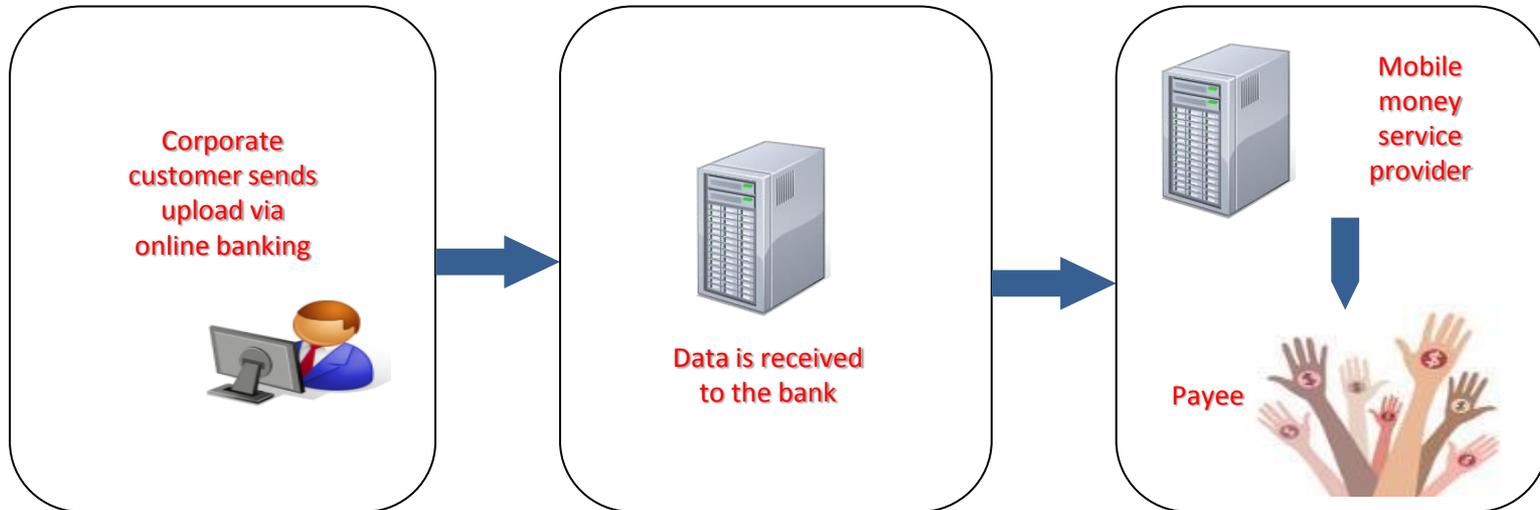
What is mobile money?

- It is a Business to Customer (B2C) solution which enables you to make low value, high volume disbursement payments to a group of people, directly to their mobile phone wallets to meet disbursement needs such as wages, allowances, etc.
- This solution enhances payment capabilities by enabling you to make secure cash-less payments to recipients who do not hold bank accounts, or who do not wish to receive their payments into bank accounts.

Benefits

- Enables you to reach unbanked customers
- Allows fund movements across large geographic areas
- Reduces cash transaction risks associated with carrying cash around
- Express settlements of cash
- Fast and automated reconciliation of transactions

Mobile money transactions made simple and straight-through



Overview of Mobile Money Banking in Africa

Most recently, mobile banking has become an integral part of innovation strategies for most banks in Africa:

- The prevalence of mobile phones is significant and in many countries the levels of penetration are approaching or have already exceeded 100%.
- In many places, a user's first internet experience has taken place on a mobile phone.
- The lack of access to PCs, combined with the low penetration of bank accounts in Africa, has made mobile banking a vital service for moving money around.

Active Mobile Money Accounts Across the Globe



Source : GSMA Mobile Money Tracker 2012



Incoming Payment Solutions

Western Union/peerTransfer Business Solutions

These providers offer international students an alternative method to paying student bills.

- This payment option enable a student to pay their account balance in the currency of their choice.
- They also provide for a simple and reliable way of initiating payments electronically.



Benefits

- You can easily obtain a foreign currency quote by accessing the international student payment portal.
- You can pay tuition and fees in the currency of choice which will then be converted to U.S. Dollars.
- The exchange rate is valid for 72 hours after the transaction is initiated, taking the uncertainty out of the total payment amount.
- The exchange rate is competitive when compared to most banks retail rates.
- Payments received will include your payment reference details.

Flexible Forward Contracts /Risk Minimization

The use of flexible forward contracts for anticipated foreign currency receipts provide the following:

- Certainty around conversion prices, thus removal of underlying currency risks
- Known amounts, thus ensuring a reliable budget
- Flexibility in settlement date within a pre-determined window, thus immediate allocation of cash upon receipt
- Eliminates potential for gains and losses associated with invoicing.



FBAR and Form 1040

Department of Treasury
Internal Revenue Service

FBAR (Report of Foreign and Financial Accounts) – FinCEN Form 114

- **What is an FBAR ?**

Annual reporting for persons who have a financial interest in or signature authority over a foreign financial account (including a bank account, brokerage account, mutual fund, trust, or other type of foreign financial account) that exceeds certain thresholds.

- **Why is an FBAR required ?**

- Bank Secrecy Act requires that certain individuals complete the FinCEN Form 114(FBAR).
- The FBAR was designed to align foreign financial institutional reporting requirements with those of domestic banks.
- FBAR's are used to identify and trace funds used for illicit purposes or identify unreported income maintained abroad.

- **Who must file an FBAR?**

United States persons are required to file an FBAR if:

- The United States person had a financial interest in or signature authority over at least one financial account located outside of the United States; **and**
- The aggregate value of all foreign financial accounts exceeded \$10,000 at any time during the calendar year to be reported.

- **Is E-filing mandatory?**

Yes, effective July 1, 2013. In an effort to improve efficiency, reduce government and industry costs, and allow the Financial Crimes Enforcement Network (FinCEN), law enforcement, and regulators to gain better and timelier access to important financial information, FinCEN is requiring the electronic filing of certain reports.

Schedule B (Interest and Ordinary Dividends) – Form 1040A or 1040

- Form 1040 must be completed as an FBAR filer.
- Part III, 7a and 7b, of the schedule have questions relating to foreign accounts. This section requires the following answers:
 - 7a – “Yes”, confirming you have signing authority over a financial account in a foreign country. It also makes reference to the mandatory requirement to additionally complete the FinCEN Form 114 (FBAR).
 - 7b – As you are required to complete FinCEN Form 114, you must list here the foreign country or countries where these accounts are held.



Questions/Comments