For deposited checks issued from a foreign institution, based outside the U.S., the manner in which credit is granted from the University’s bank depends upon: 1) if the payer bank has a Correspondent bank in the U.S. and 2) if the check was drawn in foreign currency.

**Foreign Check Drawn in U.S. Dollars – With a U.S. Correspondent Bank**

A deposited foreign check, drawn in U.S. dollars, is credited for face value with no fees deducted when the foreign bank issuing the check has a Correspondent bank in the U.S. The Correspondent bank pays funds to the University’s bank on behalf of the foreign bank. The University receives credit for the full amount of the check and the transaction is complete.

**Foreign Check Drawn in U.S. Dollars – Without a U.S. Correspondent Bank**

A deposited foreign check, drawn in U.S. dollars, in which the issuing bank does not have a Correspondent bank, must be submitted for Collection. Collection is a process where the University’s bank sends the check to the payer’s foreign bank requesting payment. The University’s bank initially gives full credit for the face value of the foreign check. Once the University’s bank determines the payer does not have a Correspondent bank, the bank debits (charges) the University’s bank account for the face value of the foreign check initially credited. This clears the check value from the bank account. Upon receiving credit from the payer’s bank, credit is immediately given to the University’s bank account less any fees; e.g., processing fee, foreign bank fee. Each bank transaction, both credits and the debit (charge) are posted to the Speedtype and Account code (specified by the receiving department) in the financial system.

**Foreign Check Drawn in Foreign Currency**

A deposited foreign check drawn in foreign currency is normally credited to the University’s bank account as a provisional credit. The provisional credit is calculated by taking the face value of the foreign check and applying the exchange rate for that day. There are cases where the foreign check is not recognized as a foreign item and the face value of the foreign currency is credited to the University’s bank account. Foreign Exchange Services in the University’s bank applies the applicable exchange rate and an adjustment is issued.

When the foreign check is submitted for Collection the University’s bank debits (charges) the University’s bank account for the amount initially credited to the University. This clears the check value from the bank account. Upon receiving credit from the payer’s bank, credit is immediately given to the University’s account less any fees; e.g., processing fee, foreign bank fee. Each bank transaction, both credits and the debit (charge) are posted to the Speedtype and Account code (specified by the receiving department) in the financial system.