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INTERNATIONAL MONEY TRANSFERS BASIC CONCEPTS

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MONEY TRANSFERS

If you are a resident natural person receiving money from abroad, *it is important that you get familiar* with regulated modes of sending and receiving money in Bosnia and Herzegovina for your transfers to be faster, safer and cheaper.



BANK ACCOUNTS

By opening a foreign currency bank account in one of the commercial banks you can ***send or receive funds*** in a foreign currency.

To open a bank account, you need your identification document and CIPS residency registration, and you need to sign the contract that the bank will offer you.



Before opening an account, inquire about monthly fees, charges, commissions, and all other services offered in a standard promotional leaflet. Collect multiple offers from a few banks.

BANK ACCOUNTS

After you open an account, to receive money from abroad, you must share the payment instructions with the sender, which your bank will provide you. These instructions usually contain the following:

- » *Bank name and address;*
- » *Bank international code (SWIFT code or BIC);*
- » *Your full name and address;*
- » *Your account's IBAN.*

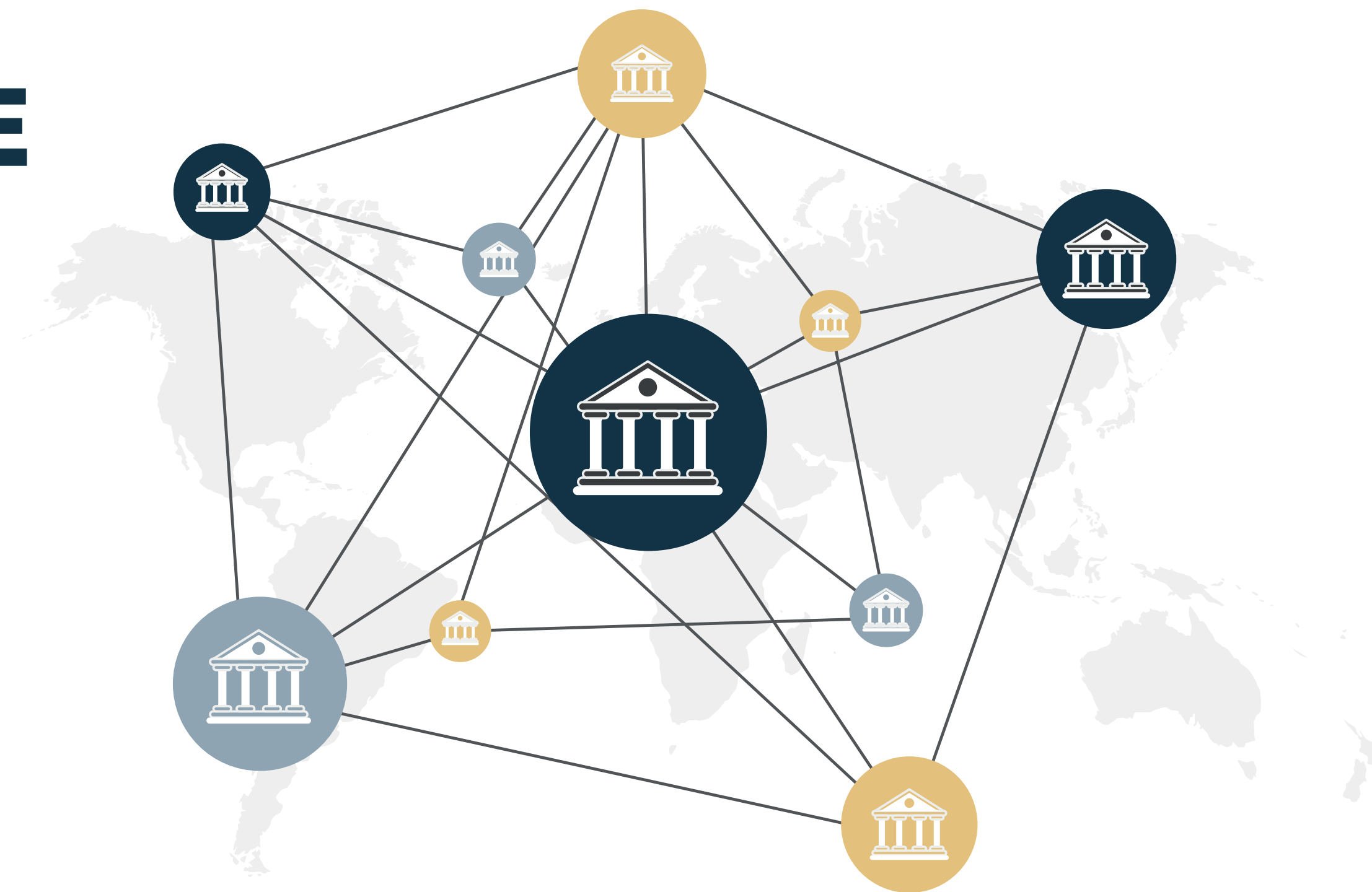
It is recommended that you also share the following information:

- » **Correspondent bank in the sender's country (if possible);**
- » **Account currency (unless yours is a multicurrency account).**



SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION

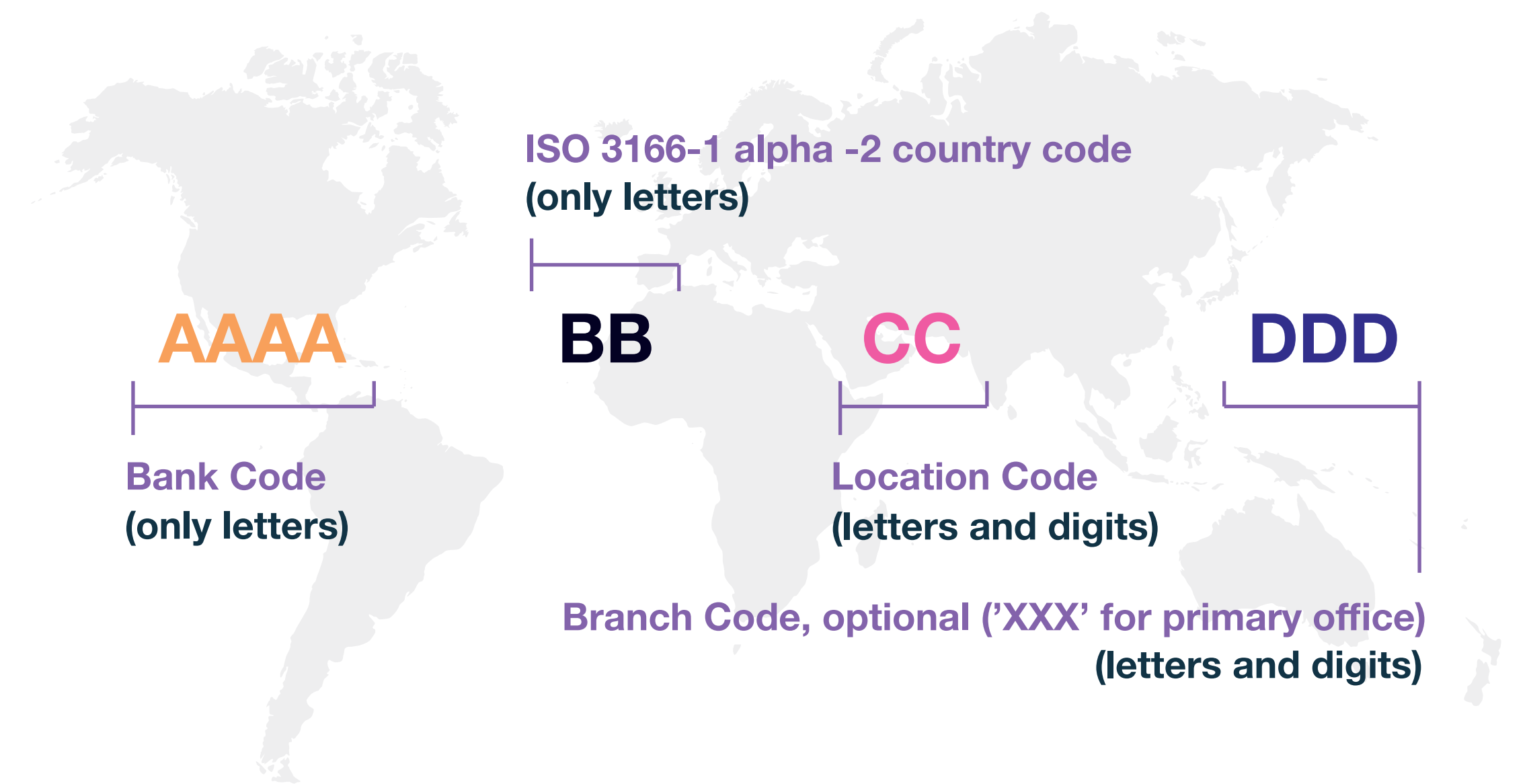
SWIFT - Society for Worldwide Interbank Financial Telecommunication is an *international banking network* that enables high quality and safe exchange of messages between banks worldwide and is accepted in most countries.



SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION

SWIFT technology enables access to various financial institutions and all processes are automated, which ultimately reduces transfer time.

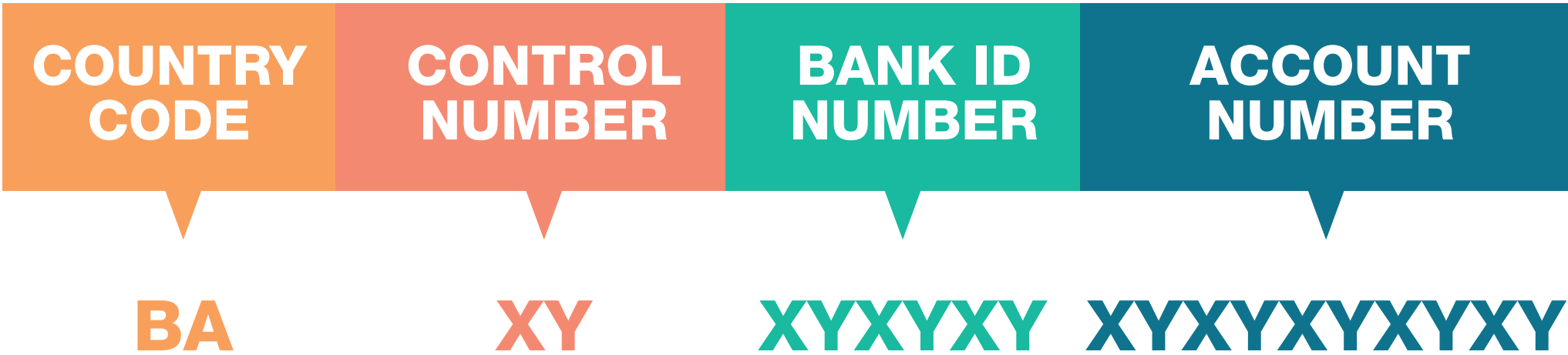
The SWIFT code or **BIC - Bank Identifier Code**, which you will get with the payment instructions, represents the unique identification code of your bank.



INTERNATIONAL BANK ACCOUNT NUMBER

IBAN - International Bank Account Number is the unique identification number of your bank account and is accepted as a standard in international payment operations. *IBAN for Bosnia and Herzegovina contains a total of 20 alphanumeric codes.*

The IBAN standard enables fast and reliable processing of international incoming flows, with a considerably reduced risk of error, which could arise in the course of data transcription such as number permutation or typing error.



CORRESPONDENT BANKING

A correspondent bank is a **foreign bank** that performs financial services abroad in a particular country on behalf of your bank from Bosnia and Herzegovina.

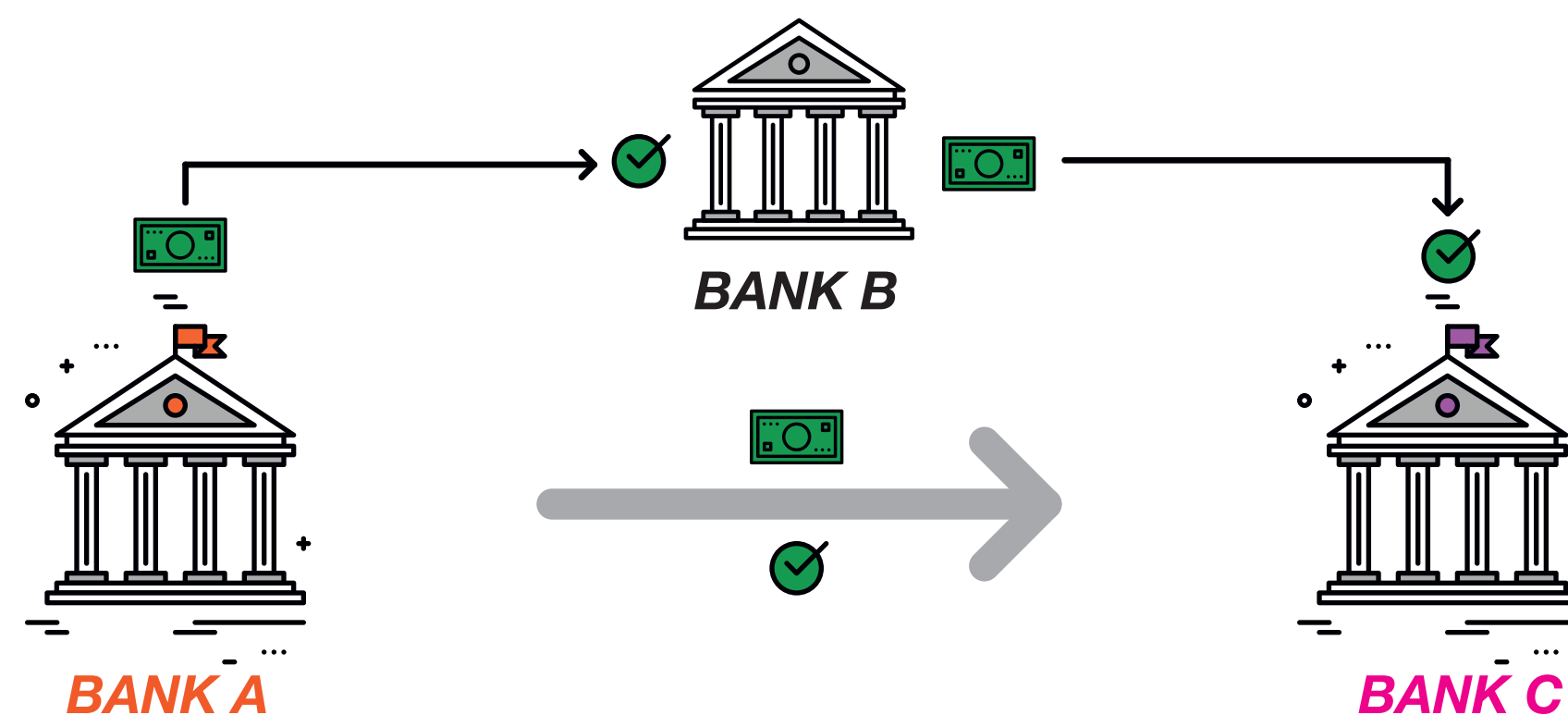
The most immediate form of cooperation is managing deposits in specific currencies for the need of a partner bank.

Ultimately, ***the advantages of correspondent activities*** are transfer speed and considerably lower fees for both the sender and recipient (depending on the selected fee payment option).



WHY IS CORRESPONDENT BANKING IMPORTANT?

This flow diagram best illustrates payment order processing with and without an intermediary bank:



Recommendation: Ask for information on correspondent banks in the country of your sender together with the incoming payment instructions. *Share this information with the sender to decide together on the best option.*

“ In case a payment order from bank A goes through bank B, the cost is higher.

Tip: Always take into consideration the number of banks in the sender-to-recipient chain, as each bank charges its commission!

TRANSACTION FEES FOR ACCOUNT-TO-ACCOUNT TRANSFERS

The sender decides who incurs the transfer fees when issuing a payment order. The offered options are as follows:

- » **OUR** – all fees are incurred by the sender
- » **SHA** – the fees are shared among the sender and the recipient, or
- » **BEN** – all fees are incurred by the recipient



MONEY TRANSFER OPERATORS - MTOs

MTOs provide a service that *does not require owning a bank account to receive or send money*. Transfers are speedy and simple and in Bosnia and Herzegovina are carried out through commercial banks as authorized representatives. When collecting money, in addition to presenting an identification document, the recipient must state the full name of the sender, the country from which the money was sent, the expected amount, and the transfer control number obtained from the sender.

Tip: *Those sending money should keep in mind that the commission varies depending on the amount sent and the countries from/to which the funds are being sent.*

Recommendation: the sender should inquire about transfer fees and gather more than one offer from a financial service provider before making the final decision on how to transfer their money.



KEEP IN MIND

Only by ***using regulated channels*** can you be certain that the money sent to you will arrive safely and quickly, and you will not waste precious time on hand-carried pick-ups, while at the same time the sender will always have proof of dispatch, and will be informed about the return of funds in case they were not delivered to the recipient.





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