

International Services Item Processing Cash Letter Item vs. Collection Item



Determining which method to use for collecting on foreign items will help reduce your risk and increase processing efficiency. Use the comparison below to help you determine how to process your foreign item.

Cash Letter Item

- **More risk** to institution
- **Payment is not final**
- Item must meet at least one of the following criteria:
 - Check or draft denominated in the currency of the financial institution on which it is drawn (e.g. Item drawn in Great British Pounds on a financial institution in England)
 - Check or draft denominated in U.S. dollars drawn on a Canadian financial institution
 - Foreign postal money orders
- **Provisional credit is given** (Next-day credit is given before funds are received from the paying institution)
 - If the item is returned, Millennium Corporate will debit the credit union account; if the natural person member does not have the funds available to cover the return, the credit union will experience a loss.
 - Foreign item returns can take much longer than domestic returns, especially concerning fraud; **there are no commensurate regulations pertaining to international items – these can take months to process and be returned with little or no recourse for the credit union**

Collection Items

- **Less risk** to institution
- **Payment is final**
- Item is a check or draft denominated in a currency other than the currency of the foreign institution on which it's drawn (e.g. Item drawn in U.S. dollars on a financial institution in England)
- **Valued at or greater than \$200** U.S. dollars (Foreign currency is the exception – see below)
- **Provisional credit is not given** (funds will not be distributed to the member until the check/draft has cleared and the funds have been received at Millennium Corporate)
- Payment typically takes 6 – 8 weeks (8 – 12 weeks if drawn on an institution in a country deemed 'exotic' or with a less developed payments system)
- Collection Items include any of the following:
 - Foreign currency (Valued at or greater than \$20 U.S.dollars)
 - Photo copies of checks/drafts rather than the original
 - Items usually processed as Cash Letter Items but final payment is required (Items must be greater than \$200 U.S. dollars)
 - Checks/drafts processed for new members or members with questionable credit history
 - Checks/drafts denominated in an uncommon currency
 - Checks/drafts drawn on an institution in a country deemed 'exotic' or with a less developed payments system

RECOMMENDED PRACTICE: To reduce your risk, do not send the following items as Cash Letter Items – process as Collection Items instead: high dollar value items, items valued greater than \$200 U.S. dollars from members that do not have a long-standing relationship with the credit union and checks/drafts valued greater than \$200 U.S. dollars drawn on an institution in a country deemed 'exotic' or with a less developed payments system.

For questions regarding Cash Letter and Collection Item processing, contact the Member Service Department, 800.721.2677 Option 1 or email memberservice@millenniumcorporate.org.