

**FEDERAL RESERVE BANK
OF NEW YORK**

At-lir. No. 9561

September 30, 1983

Federal Agency Vendor Payments Through Fedwire

*To All Depository Institutions in the
Second Federal Reserve District:*

Printed on the reverse side is the text of the notice issued by the Bureau of Government Financial Operations of the Department of the Treasury. The Treasury has requested Reserve Banks to provide depository institutions with a notice announcing the adoption of new procedures that will require most Federal agencies to make payments of \$25,000 or more to vendors through the Treasury's link to Fedwire. In order to receive payments through our Fedwire facilities, vendors will have to obtain certain information from financial institutions that have access to Fedwire, such as the institution's 9-digit ABA routing number, the telegraphic abbreviation used by the institution, and the account number to which the payment of funds should be credited. Additional information will also be required from financial institutions that receive funds through a correspondent bank.

If you have questions regarding the new payments program, you may contact the Treasury Department (as indicated on the reverse side), or call Robert W. Dabbs, Manager, Electronic Payments Department (Tel. No. 212-791-8475).

ANTHONY M. SOLOMON,
President.

(Over)

Large Federal Vendor Payments Will be Made by Electronic Funds Transfer

Treasury's Bureau of Government Financial Operations (BGFO) will require most Federal agencies to make vendor payments \$25,000 or greater through Treasury's link to Fedwire - the Treasury Financial Communications System (TFCS) - beginning October 1, 1983. BGFO, responsible for disbursing most Federal payments and managing Federal monies, estimates civilian agencies alone account for the disbursement of over \$20 billion of such large dollar vendor payments annually. The move to electronic funds transfer is expected to improve both the timing and control of Federal vendor payments.

Companies will realize several benefits from the Government's use of the TFCS to make vendor payments. First, since the TFCS has the capability to make payment on exact due date, vendors will receive payments in a more timely manner. Second, payments can be made directly to the vendor's account at a financial institution, eliminating the uncertainty and time associated with postal delivery and check processing. Third, since vendors will be confident that payments will be in a more timely manner, they will be in a better position to forecast cash flows. Other information such as invoice and contract number needed to identify payments will still be furnished in the actual payment message provided to the vendor's financial institution.

Federal agencies will be required to obtain key financial institution data from vendors to make payments by TFCS. Financial institutions that have access to Fedwire will be asked to supply this information to vendors:

- Financial institution 9-digit ABA routing number.
- Telegraphic abbreviation of financial institution.
- Account number to which funds should be credited.

Financial institutions that receive funds through a correspondent bank will be asked to supply the above and this information to vendors:

- Name of the correspondent financial institution through which the bank receives messages.
- Address of correspondent financial institution.
- Correspondent financial institution's 9-digit ABA routing number.

For additional information about the Treasury program, contact the Timely Bill Payment Project Team, Treasury Department, Bureau of Government Financial Operations, Treasury Annex #1, PB 704, Washington, DC 20226. The telephone number is (202) 634-5770.