

What is the difference between an Electronic Funds Transfer (EFT) and a Wire?

Electronic Funds Transfer (EFT)

An EFT (also sometimes referred to as Direct Deposit) is a method of electronically paying a vendor or person instead of issuing a cheque. Overall, EFT is the preferred method of electronic payment – this is the lowest cost option of payment due to automated handling both at the UofA and throughout the banking system. The features are:

- Payment file containing payment information for multiple vendors is sent to the UofA's bank and is processed overnight by the bank
- Payment files are sent from our bank to the various recipients' banks in batch via clearing house
- Funds are deposited into the vendor's bank account typically within 2 business days
- Cost of sending an EFT is negligible and most banks do not charge recipients a fee to receive incoming EFTs
- EFTs are limited to the local currency of the receiving banks
 - UofA can send EFT to banks physically located in Canada in Canadian dollars only
 - UofA can send EFT/ACH (Automated Clearing House) to banks physically located in the United States in US dollars only (from our US dollar bank account)
- Vendor/payee information that is necessary to make the payment is minimal:
 - Payee name, Bank/institution number, transit number (or routing number for US banks), bank account number, plus vendor email (to receive electronic remittance statement)

Wire

A wire is also a method of electronically paying a vendor or person. This method is used when a cheque cannot be issued because of currency or geographic limitations. Issuing and transmitting wires is a fairly costly payment option due to the manual handling by both UofA and for the banks. Our practice is to only send wires to vendors or individuals physically located outside of North America (Canada and USA vendors can be paid by EFT). The features of a wire are:

- Any currency supported by the UofA's financial institution can be wired
- Wire transactions are keyed individually into the UofA's banking system
- Our bank individually transmits payment information to each foreign payee's (vendor's) bank
- Funds are deposited to the foreign vendor's bank account within one or two business days of the execution date of the wire
- Cost of sending a wire is \$25 and is charged back to the requesting department. The vendor's bank will most likely charge the vendor a fee to receive an incoming wire which can range from \$25 to \$60 or more
- Wires can be sent in almost every currency, but should only be issued in vendors' local currencies to ensure their banks can accept the currency. Example: A British vendor whose bank is located in United Kingdom can be paid in EUR or GBP (both local currencies), but if the wire is to be made in USD, the vendor must confirm that their bank will accept USD wires.
- Extensive vendor/payee information is necessary to send a wire:
 - Payee name, payee address, bank name and bank address (and/or SWIFT/BIC), bank/institution number, transit/branch number, bank account number (and/or IBAN number).