
GUIDELINE

Deduction of Charges for the Receipt of Lynx Payments

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IMPLEMENTED

December 15, 2022

AMENDMENTS

1. Amendments to section 3 to update verbiage to provide clarity on guidance for deduction of service charges between Participants. Approved by SOC November 10, 2023, effective November 10, 2023.

1. Introduction

This guideline is based on the recognition that deduction of charges for Lynx payments can cause inefficiencies in reconciliation for recipients. Through this guideline, the Association encourages member financial institutions to adopt the guidance outlined below on a voluntary basis, with the goal of encouraging alignment regarding the industry's treatment of the deduction of charges for the receipt of Lynx payments.

This guideline is not intended to create legal rights or obligations for the Association or its member financial institutions beyond what is included in the CPA Rules.

2. Background

Inefficiencies in the reconciliation for receipts can occur due to discrepancies between members in methods used to deduct service charges from wire payments. Currently, it is a practice among some members to credit the recipient with the proceeds of a wire transfer less any applicable charges. For example, the recipient is expecting to receive \$1000 but their account is only credited \$990 - assuming the fee to receive a wire transfer is \$10. Despite being a practice used by some members, crediting the beneficiary with the amount of the payment less any applicable charges does not lend itself to automated reconciliation, particularly for business clients, and also serves to increase customer costs for processing wire payments. Additionally, from a general policy perspective, the application of one practice for collecting charges for wire payments while another is applied for other types of payments (e.g. cheque, ABM where the full amount of the payment is credited and charges collected separately) can lead to confusion in the marketplace.

3. Guidance

Members that offer Canadian dollar wire payment processing should, upon request of their client, credit the account of the Lynx recipient with the full amount sent by the originator of that Lynx wire payment (in Canada). In addition, if a member that does not directly participate in Lynx is credited with a Lynx wire payment for the benefit of its client, it should credit the account of the recipient with the full amount sent by the originator of that Lynx wire payment (in Canada). In these situations, any service charges that would be applied to the transaction by the receiving member financial institution should be handled separately, in accordance with any mutual agreement between the sending/receiving financial institutions and/or between the receiving financial institution and its client.

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