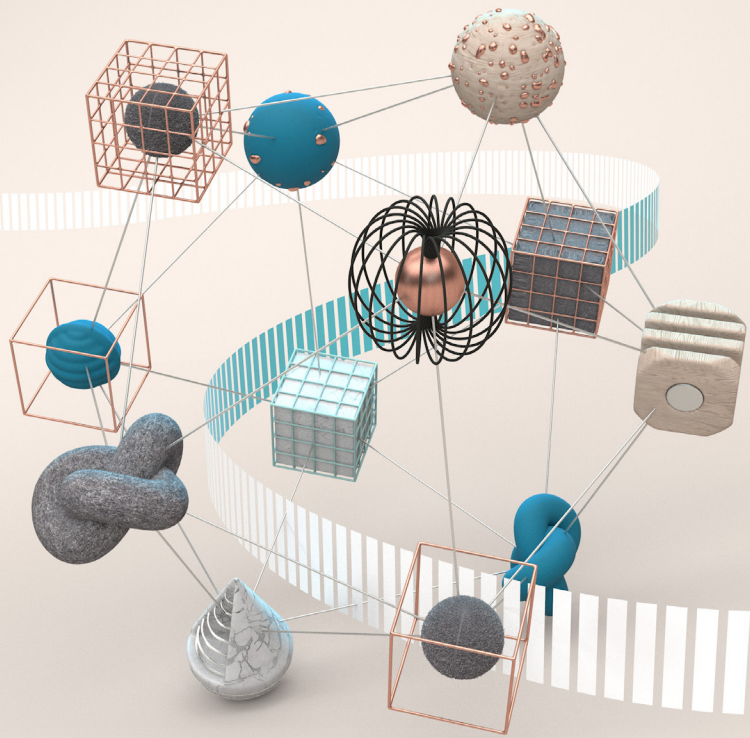




**BANKING
CIRCLE**



CASE STUDY | PSPs

How Banking Circle's direct clearing & Virtual IBAN account solution for acquirers delivered faster payments, lower reconciliation costs and better merchant cashflow

The Business Challenge

A leading acquirer based in the UK maintained bank accounts in multiple countries and across different business lines. Maintaining each physical account incurred high administration as well as experiencing high FX costs through its existing correspondent banking partner.

The acquirer had set up segregated accounts as a way to manage payment reconciliation, but maintaining multiple physical accounts meant that its liquidity was fragmented and increased its FX exposure.

The acquirer's merchants also needed fast, low cost payments to improve cash flow – particularly when making and receiving international transfers to and from the acquirer, which were taking up to three days to process. The acquirer wanted a cost-effective payment solution that reduced its operating costs, enabled quick settlement to merchants, and made payment reconciliation simpler and quicker.

Our Solution: A combined payments and reconciliation solution using Virtual IBAN accounts

Banking Circle provided the acquirer with a local physical account and multi-currency Virtual IBAN accounts in the name of their merchants. The acquirer was then able to allocate the individual virtual IBAN accounts to its merchants, and by using this model, could initiate and receive transactions to and from the virtual IBANS.

This solution provided total visibility of the payment flow for merchants and removed the need for the acquirer to reconcile each payment into the appropriate physical account. Across some jurisdictions, payment settlement times were reduced from five days to five minutes, as the acquirer could benefit from our local clearing capabilities. For cross border payments, the acquirer chose to use Banking Circle's embedded FX solution which simplified the process by enabling FX conversions to happen automatically.

Benefits to the acquirer and its merchants

- The solution gave the acquirer stronger liquidity control and easier reconciliation
- Virtual IBAN accounts reduced payment reconciliation costs across business and transaction types requiring less administration time
- By using Banking Circle's local and direct clearing capabilities, the acquirer benefits from faster payments and lower payment costs
- Payment settlement times for merchants drastically improved, resulting in improved cash flow and better Net Promoter Scores for the acquirer