

## Earthport International Bank-to-Bank Payments



*Earthport is a UK-listed payments services provider, offering a range of cross-border payments services to banks and business clients around the world.*

The company's epClearing™ system makes payments using a global network of secure, corporate accounts with leading banks and a sophisticated virtual accounting engine. To reassure clients making payments overseas, as well as continually enhancing its global reach and breadth of services, Earthport is continuously seeking to set up segregated accounts for the secure management of client funds in additional countries and territories worldwide. That's why we would be interested in opening a corporate account with your bank.

### Earthport Background

Earthport has been making international payments and collections since 1998 and has made major investment in creating a state-of-the-art global payment capability, focused on delivering low-cost, convenient and secure transactions to a range of corporate clients. In the last two years, the company's services have also attracted wide interest from financial institutions wanting to complement their existing international payment channels.

Listed on the Alternative Investment Market (AIM) of the London Stock Exchange, Earthport enjoys the backing of strong institutional investors. Earthport is also a member of SWIFT, the global provider of secure financial messaging services used by nearly all banks worldwide.

Today, Earthport operates its services directly in more than 40 countries, aggregating client payment and collection demands across a wide range of payment instruments – including corporate payroll & expenses management, retail remittances, retail subscription, affiliate and supplier payments, and treasury and foreign exchange management.

### Our Innovative Business Model: epClearing™

Earthport conducts all client business on a cleared-funds (pre-funded) basis, thus avoiding credit risk. Payments are made using local banking partners to effect low-cost settlement of payments or receipts on behalf of corporate clients. Earthport's epClearing™ system, run on banking-grade software and technology, manages funds across this network of accounts using a virtual accounting engine.

All Earthport client business is aggregated and processed through a continually-expanding international network of banks in countries throughout the world. The ability to use local bank and clearing services at both ends of the payment chain means that the Earthport model provides a low-cost delivery mechanism which complements traditional correspondent banking channels.

The epClearing™ system records and manages all client transactions, bank positions, liquidity forecasts, reconciliation & reporting, as well as compliance & risk management. Typically, payment values are less than \$10,000 (or local currency equivalent). Client funds are held separately in 'segregated' or 'client funds' accounts and do not form part of Earthport's assets.

### **Integration with Earthport epClearing™**

The Earthport epClearing™ platform is directly integrated, both to client payment platforms and proprietary services provided by partnering banks. This allows Earthport to securely capture, aggregate and process payments with very high Straight Through Processing (STP) rates - minimising exceptions and offering consistent, scalable delivery.

### **Our Commitment to Compliance**

Earthport's comprehensive approach to compliance and risk management is overseen by senior, experienced team members and reviewed at board level. The company is committed to any AML or CDD requirements required by its banking partners and has evolved a mutually cooperative approach to containing risk. Earthport also complies with the Payment Services Directive (PSD), and conforms to or exceeds JMLSG AML standards.

All Earthport transactions are subject to sanctions checking against OFAC, HM Treasury, EU, and local sanctions listings. The company performs a highly detailed CDD review on all clients on a regular basis, on specific client transactions under random or event-driven checks, and on request from our banking partners. Processes under which clients screen their own customers and their adherence to AML best practices are closely monitored both prior to and during any contractual relationship.

Some AML requirements are monitored on an automated basis – velocity checking, repeat patterns, sanction list checking, limit breaches and other risk events are all captured, reported, and managed within the Earthport platform.

Earthport is registered with, and subject to annual audit from, HM Revenue and Customs to ensure Earthport continues to conduct integral, robust AML procedures.

Earthport has submitted its application to the UK Financial Services Authority (FSA) for Payment Institution (PI) status, which it expects to conclude in 2010. This will allow Earthport to demonstrate its adherence to regulatory standards governing AML processes, data handling practices, technical architecture, outsourcing, and risk analysis under a rigorous regulatory regime.

**[www.earthport.com](http://www.earthport.com)**

## Earthport Service Requirements

Earthport typically receives a payment file from a contracted client via secure interface connections.

Earthport requires the ability to remotely upload and instruct bulk files of domestic local currency payments for local settlement, to be debited against pre-funded client liquidity.

Earthport provides liquidity in bulk and this may be based in multiple currencies including GBP and USD, as well as local currency. Liquidity will represent an aggregation of all funds due for instruction over a given time period (usually daily or weekly).

Where currency restrictions apply, Earthport discusses foreign exchange needs on a case by case basis with its local banking providers.

In order to achieve 99% STP rates, Earthport requires Internet access to its corporate accounts.

In line with governance applicable to UK Payment Service Providers (PSPs), funds held in Earthport segregated client accounts must not accrue credit interest. Consistent with practice in other territories where Earthport processes, these funds can be considered as "float" to the bank (subject to local regulatory conditions).

## Help Us Extend Our Global Reach

The global demand for low-cost, high-quality alternatives to traditional remittance and payment channels is significant and growing. The Earthport model, established and proven in multiple geographies, provides solutions which meet the need for secure, compliant, and cost-effective delivery of cross-border payments by using local banking infrastructure and expertise.

### What we need from your bank:

Earthport is seeking new banking channels globally and is potentially interested in using the services of your bank. If you believe you can support the model described above, please send to our banking services team:

- application forms for the appropriate segregated "client monies" accounts
- details of the applicable fee structures for those accounts



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