

Business Model & Financial Structure

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Ranking of card issuing companies

How to choose a BIN sponsor and card issuing partner?

Choosing a BIN sponsor or card issuer is a difficult decision for many partners. Most of our partners do not come from the payment card business, so they learn by doing. In this chapter, we are going to describe the key decision factors of choosing a card issuer and make a simple ranking that we will be upgrading and updating in the coming months and years, as not all information is available to us immediately. On purpose, we will not compare other companies to us, it would not be fair to include Verestro - our goal is to educate in this article.

There are the following key decision factors in choosing a card issuing partner:

1. REVENUE SHARE - Cards issued for my users bring various revenue streams. Are they shared with me?

- ◦ Does the card issuer share 100% of interchange with me?
- ◦ What is the currency conversion rate that the card issuer shares with me?
- ◦ How can I impact and earn on ATM withdrawal fees?
- ◦ How can I impact and earn on various consumer fees?
- ◦ Can the partner help me with getting the Mastercard or VISA marketing and financial support in the short and long run?

2. COSTS - Obvious point.

- ◦ What are fixed and variable fees?
- ◦ What is the level of fees in case of low volumes and high volumes?
- ◦ Is there any opportunity to minimize costs as the business grows?
- ◦ Read this article for more info on standard card issuing costs: [Card issuing - financial details](#)

3. FUNCTIONALITY & SERVICE - a very important point. Critical in the long run.

1. • Does the partner have mandatory functionalities?
- Does the partner offer currencies that I need for my users?
- What are other products that can increase usability or profit that the partner offers?
 - Maybe a loyalty program?
 - Any insurance offers and additional benefits that could be sold to customers?
 - Perhaps invoice scanning and expense management?

- Maybe white label solutions?
- Card reload mechanisms?
- Payouts to cards?
- etc.
- Does the partner offer quick access to a developer zone or a test environment?
- Does the partner make their APIs public?

3. SECURITY AND FINANCIAL STABILITY - a critical point. Maybe it should be the first one.

- Is the partner a small start-up, burning money or a payment institution generating profits? Can you imagine what would happen to your portfolio and users in case of bankruptcy or hostile takeover?
- Who are the shareholders of the partner? Are these venture funds or strategic, long term investors?
- Does the card issuer make their financial statements public?
- Does the partner offer support in solving PCI DSS issues (Payment Card Industry Data Security Standards)?
- Is the partner audited annually?
- Does the partner work with banks and other large financial institutions or focus only on small, high-risk startups?

Here's an initial comparison of the best known card issuers in the European Union (grades: low - high):

| Name | Country | Revenue Share | Costs | Functionality & Service | Security & Financial Stability |
|------------------|-----------|--------------------------|--------------------------|--------------------------|--------------------------------|
| Treezor.com | France | Medium | High | Medium | Medium |
| Swan.io | Denmark | Medium | High | Medium | Medium |
| Dipocket.org | Lithuania | High | Medium | Low | Low |
| Solarisgroup.com | Germany | Medium | High | Medium | Medium |
| Wallester.com | Estonia | Medium | Medium | High | Medium |
| Stripe | USA | Low | High | High | High |
| Weavr.io | Malta | Medium | Medium | Low | Medium |
| <u>Verestro</u> | Poland | Make your own assessment | Make your own assessment | Make your own assessment | Make your own assessment |

Source: Financial Stability results based on 2022 or 2023 results available in Internet; all other data from publicly available sources. Please make your own assessment.

Card issuing - financial details

How can I earn from card issuing? This is a common question that is asked by our customers. Let me explain the key financial areas connected with this business.

Indirect revenue or cost savings

Usually, the main reason for issuing cards in different segments is indirect revenue or cost savings. The first question that you should ask yourself is connected with your use case. What can a payment card bring to my customers or my business? The answer to this question is different for various business segments and is the most important factor in defining a financial model for such an operation:

- If you are a **bank**, payment cards are obviously a core payment product that lets you earn from various transactions, currency conversions, ATM withdrawals and other fees.
- If you are a **fintech wallet**, it is obviously an important functionality because you compete with banks. It can increase your revenue streams from the same areas as above.
- If you are a **crypto wallet**, you want to offer to your customers a way to use digital assets at brick-and-mortar shops and in eCommerce.
- If you are an **insurance company**, you may want to send insurance in the form of a virtual card with a particular transaction and geographic limit so that your customer could immediately get necessary help.
- If you are an **investment wallet**, where users store value in the form of shares or bonds, you can offer payment cards to them so that they could pay using their shares at standard shops.
- If you are an **eCommerce merchant** or **marketplace**, you may be interested in using payment cards as a way to send back money to your users after their claim so that they could use this card for an eCommerce payment.
- If you are a small, medium or large **corporation**, you may want to distribute cards to your employees so that you limit costs of invoice processing and company invoicing.
- If you are an **HR agency**, you can use cards as a tool to pay salaries to your employees
- If you are a **loyalty program** owner, you may be interested in enabling users to use your points and make purchases at any location in the world.
- etc.

There are many use cases and this is the main value for you. You can charge **additional fees** for this new service offered to your users, or you can **limit your operating costs** thanks to card issuing. However, there are direct revenue streams and costs associated with issuing cards and I will describe them below:

Direct revenues of card issuing

The following direct revenue is connected with card issuing and card transactions:

1. **Interchange Fee** - when your user pays online or offline at any merchant, there is a fee called Interchange Fee that the issuer of cards receives for this transaction. The value of this fee depends on the country, transaction type, card product type, etc. In general, it is between 0,2% (for consumer debit cards issued in Europe) to 1-2% (for various types of cards for transactions done on other continents). Make sure you check with your card issuer or BIN sponsor how they share this fee with you - it is the most important revenue stream.
2. **Currency Conversion Fee** - every card transaction done in another currency than currency of a card account results in currency conversion. This action usually enables charging fees. Typically, they are between 0,5% to 8% depending on card product, country, currency, etc.
3. **User fee** - card issuers, banks, financial institutions usually charge various user fees for using their payment card. Examples of such fees are: one-time fee for issuing a card, monthly fee per card, annual fee per card.
4. **Transaction fees** - depending on a card product and a type of transaction, card issuers charge users additional transaction fees. A very standard fee is an ATM withdrawal fee - it is almost always valid because there are direct costs of an ATM withdrawal called ATM Service Fee and these costs need to be covered. Sometimes card issuers charge POS or eCOM transaction fees - for example 0,1% fee for every transaction done with a card.
5. **Value added services** - a card product enables you to charge additional services, i.e. insurances, VIP support, concierge etc. that increase your revenue streams.

Direct costs of card issuing

1. **One-time fee for card issuing** - usually 0,1-1 EUR. This fee is charged at the moment of card issuing. This fee covers costs of payment processors, various costs of operations connected with issuing the first card.
2. **Monthly fee per card** - usually you pay 0,1-1 EUR monthly per issued card. This covers both technical, regulatory and financial risk costs of card issuers.
3. **Transaction fees:**
 - per transaction (from 0,05-0,3 EUR) - depends on a type of transaction, region of transaction etc.
 - per transaction value (from 0,01%-0,5%) - depends on a transaction value.
4. **ATM service fee** - very specific fee which is part of a transaction fee in fact. For every ATM withdrawal, a card issuer needs to pay a fee which is transferred to an ATM operator. Usually, it is in the value of 0,5-3 EUR + 0-1% from the transaction value.
5. **3DS operations fee** - transactions in eCommerce require additional authentication. Such an operation usually results in an additional fee charged by a card issuer (0-0,04 EUR per transaction).
6. **Apple Pay fees** - Apple charges additional fees for using Apple Wallet. Those fees are both per card quarterly and per transaction volume - different for POS transactions and inApp transactions. We are not allowed to disclose the level of these fees.

7. **Plastic card related fees** - production, personalization and transport of plastic cards is a serious operation that involves various costs. Typically, between 2-5 EUR per card depending on customer location, type of card, etc.

These fees are usually charged by card issuers and BIN sponsors to their partners. They have to charge them because there are various costs that we need to cover (this issue also applies to Verestro and our BIN sponsors). **The main card issuing costs** are:

1. **Payment scheme fees** - Mastercard, VISA or any other payment organization charge a lot of various fees for connecting with them and using their licenses and technology. This is one of the biggest components of costs for card issuers.
2. **Payment processors** - this is our (Verestro's) role. To issue cards, you usually need to hire external, certified payment processors. They charge a lot of fees for using their technology. Examples of such processors are : Verestro :) , Paymentology, Fiserv, First Data, Marqueta etc.
3. **Card manufacturers and personalisation centers** - if you issue or sell plastic cards, you need to produce and personalize these cards. Companies like Austriacard, Thales, Idemia charge fees for such operations.
4. **Regulatory compliance costs** - to become a card issuer in any country, you need to have a payment license, get certification, fulfill necessary roles that are not present in another business. This is a serious cost for card issuers.
5. **Security costs** - to work with payment cards and process them, you need to fulfill various security requirements. The most important ones are summarized in the Payment Card Industry Data Security Standards. They include not only internal actions but also annual and quarterly audits that you need to perform to be compliant and offer secure operations.

There are other possible revenue streams and costs connected with card issuing, but the ones described above are the most important ones.

Thank you for reading.

Example of Profit & Loss calculation in card issuing

Calculating profits and losses in card issuing is not easy, especially when various card issuers offer different fee and revenue models. Below I would like to show a few examples.

Let's imagine we are a fintech wallet with 10.000 users and we would like to issue cards for these users. The first step we need to take is to try to forecast key parameters of product, transaction, revenue and cost assumptions:

1. Product

- Product - Debit Business Mastercard card
- Settlement currency - EUR

2. Transactions

- Average number of cards in a year - 10.000
- Offline POS transactions in Europe: Number of transactions per month - 5 ; Average Transaction Value (ATV) - 30 EUR
- Online eCom transactions in Europe: Number of transactions per month - 3 ; ATV - 40 EUR
- ATM transactions in Europe: Number of transactions per month - 2 ; ATV - 100 EUR
- Share of currency conversion transactions in Europe - 10% (transactions done in Polish zloty, Czech koruna, Romanian Lei, Swedish krona etc.
- Offline POS transactions outside of Europe: Number of transactions per month - 1 ; Average Transaction Value (ATV) - 60 EUR
- Online eCom transactions outside of Europe: Number of transactions per month - 1 ; ATV - 60 EUR
- ATM transactions outside of Europe: Number of transactions per month - 0,1 ; ATV - 100 EUR
- Share of currency conversion transactions outside of Europe - 100% (transactions done in Polish zloty, Czech koruna, Romanian lei, Swedish krona etc.
- Share of registered ApplePay cards - 30%
- Share of ApplePay transactions - 20% for online and 90% for offline contactless

3. Revenue

- Interchange fee for business cards (fee from POS and eCommerce transactions; we assume 100% of interchange stays with partner)
 - in Europe - 1.2%
 - outside Europe - 1.5%
- ATM withdrawal fee - 0.5%
- POS and eCommerce transaction fee - 0%
- Currency conversion fee - 2%

- Monthly fee per card - 1 EUR

4. **Costs**

- One-time fee for an issued card - 0,4 EUR
- Average monthly fee per card - 0,3 EUR
- Fee for offline POS transactions in Europe - 0,10 EUR + 0,1%
- Fee for online eCom transactions in Europe - 0,10 EUR + 0,11%
- Fee for ATM transactions in Europe - 0,9 EUR + 0,3%
- Fee for offline POS transactions outside of Europe - 0,3 EUR + 0,45%
- Fee for online eCom transactions outside of Europe - 0,3 EUR + 0,5%
- Fee for ATM transactions outside of Europe - 0,3 EUR + 1.2%
- Currency conversion fee - 0,5%
- Apple Pay active card quarterly fee - 0,25 EUR

Let's do quick calculations.

[image-1716539138898.png](#)

Please treat it as example and make your own calculation. There will be many dependencies connected with segment, type of portfolio, detailed pricing, volume estimations etc.

Taking into account the above assumptions, you could earn 30.933 EUR monthly and 371.192 EUR annually on such a portfolio. Seems high? Interested what cost of investment is needed? Contact us.

Thanks for reading.

PS. If you are interested in receiving an Excel file related to these calculations, let us know at sales@verestro.com.

Interchange Fees and Service Fees - rates and rules

Disclaimer. This article shows in some detail the topic of Interchange Fees. It is presented in the best way to make business decisions, but unfortunately this topic is very complex, so it does not cover 100% of information. If you need 100% of information, please check the **Mastercard and VISA interchange manuals**. Please take into account that this article is written in May 2024, we will try to update information regularly, but make sure you get up-to-date information before making final business decisions.

Introduction

Interchange Fees and Service fees are fees that the issuer of cards gets or pays from/to an acquiring institution to cover cost of payment transaction or payment instrument. Those are fees connected with using Mastercard or VISA cards that are dependent on the decision of payment schemes and they improve or decrease P&L from card issuing activities. In Mastercard manuals they have the following definitions:

- **Interchange Fee** —The fee that passes between the acquirer and the issuer with respect to the interchange of a transaction conducted at a merchant, the “purchase” part of a “purchase with cash back” transaction or a merchandise transaction conducted at an ATM terminal, including a chargeback, second presentment and reversal of such a transaction.
- **Service Fee** —The fee that passes between the acquirer and the issuer with respect to the interchange of any other type of transaction, including a manual cash disbursement transaction, ATM transaction, PIN-based in-branch cash withdrawal, “cash-back” part of a “purchase with cash back” transaction, refund, or payment transaction (such as MoneySend or Gaming Payment Transaction), including a chargeback, second presentment and reversal of such a transaction.

This is quite a complicated topic and we will not be able to cover all details in this chapter but let us try to answer 90% of questions coming from this area. There are several factors impacting the level of interchange. The most important are:

- **geography** - in which the country transaction was performed. Usually Interchange is higher for transaction performed in other countries, especially other continents
- **type of card** - consumer vs business, debit vs credit. Consumer cards usually have lower interchange than business cards. Debit cards usually have lower interchange than credit

cards.

- **type of transaction** - there may be different interchange for transactions performed online or offline, face2face POS or eCom merchant, bill payment or government, contactless vs chip&pin etc.

Let's start with information about types of interchange from geography point of view. There are 3 important groups of transactions:

- **domestic transaction** - transaction performed at Polish merchant, Polish acquirer with card issued in Poland
- **intra-EEA transaction** - transaction performed in one of EEA countries (see below), EEA merchant, EEA acquirer, Polish or EEA card issuer
- **intra-European transaction** - transaction performed in one of Eastern European countries (see below), Eastern European merchant, Eastern-European acquirer, Polish or EEA card issuer
- **inter-Regional transaction** - transaction performed in any other country, usually another continent, with card issued by EEA issuer

The Mastercard EEA subregion where we are located today for purposes of the application of intra-EEA interchange fees includes the following:

- the Member States of the European Union: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Finland (including Aland Islands), France (including French Guiana, Guadeloupe, Martinique, Réunion, Saint Martin [French Part], and Mayotte), Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal (including Azores and Madeira), Romania, Slovakia, Slovenia, Spain (including Canary Islands, Ceuta, Melilla), and Sweden
- and Iceland, Liechtenstein, and Norway (including Svalbard and Jan Mayen), Andorra (for transactions with above mentioned countries).

The Mastercard Western subregion includes the following: • All EEA subregion countries/territories previously stated • Switzerland, Andorra, Monaco, San Marino, and Holy See (Vatican City State), Antarctica, Greenland, Faroe Islands, Saint Barthelemy, Falkland Islands, Guernsey, Isle of Man, Jersey, Saint Helena, Ascension and Tristan Da Cunha Helena, South Georgia and the South Sandwich Islands

The Mastercard Eastern subregion includes the following: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Israel, Kazakhstan, Kosovo (United Nations Mission in Kosovo), Kyrgyzstan, Macedonia, Moldova, Montenegro, Russian Federation, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine, and Uzbekistan.

Additional complexity comes from types of cards. There is different interchange for :

- debit consumer cards
- credit consumer cards

- business debit cards
- business credit cards
- Premium cards (usually credit)
- etc.

Let us simplify this topic by creating a few tables with the most important Interchange Fee examples that we recommend to use for your business calculations.

Consumer standard Mastercard debit cards for cards issued in Poland (Polish BIN)

| | |
|-------------------------------------|--|
| Domestic transaction | 0.2% some local interchange levels apply for government, bill payment - usually max fee level is defined in those programs. |
| Intra-EEA transaction | 0.2% |
| Intra-EEA ATM Service Fee | 0.5 EUR + 0.12% |
| Intra-European POS transaction | 0.59% |
| Intra-European full 3DS transaction | 1.19% |
| Intra-European ATM Service Fee | 1.3 EUR + 0.2% |
| Inter-regional transaction POS | 1.6% |
| Inter-regional transaction full 3DS | 1.54% |
| Inter-regional ATM Service Fee | 0.3 USD + 0.6% |

Consumer Premium Mastercard debit cards for cards issued in Poland (Polish BIN)

| | |
|--|--|
| Domestic transaction | 0.2% some local interchange levels apply for government, bill payment - usually max fee level is defined in those programs. |
| Intra-EEA transaction | 0.2% |
| Intra-EEA ATM Service Fee | 0.5 EUR + 0.12% |
| Intra-European Premium POS and 3DS transaction | 1.55% for Platinum |
| Intra-European ATM Service Fee | 1.3 EUR + 0.2% |
| Inter-regional transaction POS and full 3DS | 1.85% |

| | |
|--------------------------------|----------------|
| Inter-regional ATM Service Fee | 0.3 USD + 0.6% |
|--------------------------------|----------------|

Consumer Super Premium Mastercard debit cards for cards issued in Poland (Polish BIN)

| | |
|---|--|
| Domestic transaction | 0.2% some local interchange levels apply for government, bill payment - usually max fee level is defined in those programs. |
| Intra-EEA transaction | 0.2% |
| Intra-EEA ATM Service Fee | 0.5 EUR + 0.12% |
| Intra-European World Elite transaction | 1.8% |
| Intra-European ATM Service Fee | 1.3 EUR + 0.2% |
| Inter-regional transaction POS and full 3DS | 1.98% |
| Inter-regional ATM Service Fee | 0.3 USD + 0.6% |

Consumer Mastercard credit cards for cards issued in Poland (Polish BIN)

| | |
|-------------------------------------|--|
| Domestic transaction | 0.3% some local interchange levels apply for government, bill payment - usually max fee level is defined in those programs. |
| Intra-EEA POS transaction | 0.3% |
| Intra-EEA ATM Service Fee | 0.5 EUR + 0.12% |
| Intra-European POS transaction | 0.59% for Platinum |
| Intra-European full 3DS transaction | 1.19% |
| Intra-European ATM Service Fee | 1.3 EUR + 0.2% |
| Inter-regional transaction POS | 1.1-1.6% |
| Inter-regional full 3DS transaction | 1.54% |
| Inter-regional ATM Service Fee | 0.3 USD + 0.6% |

Business Mastercard debit cards for cards issued in Poland (Polish BIN)

| | |
|--|--|
| Domestic transaction | 0.2% some local interchange levels apply for government, bill payment - usually max fee level is defined in those programs. |
| Intra-EEA POS transaction | 1.5% (minus 0.3% if acquirer meets some criteria) |
| Intra-EEA full 3DS transaction | 1.75% (minus 0.3% if acquirer meets some criteria) |
| Intra-EEA contactless transaction below EUR 25 | 0.8% |
| Intra-EEA ATM Service Fee | 0.5 EUR + 0.12% |
| Intra-European POS chip&pin transaction | 1.7% (minus 0.3% if acquirer meets some criteria) |
| Intra-EEA contactless transaction below EUR 25 | 1.15% |
| Intra-European full 3DS transaction | 1.95% (minus 0.3% if acquirer meets some criteria) |
| Intra-European ATM Service Fee | 1.3 EUR + 0.2% |
| Inter-regional transaction POS and full 3DS | 2.0% |

Master balance and collateral in card issuing projects

During the implementation of card issuing projects with Verestro and our partner payment institutions, we receive questions about liquidity management and collateral in card issuing projects. Let me summarize and explain the key dependencies.

There are two important points that need to be taken into account:

1. Collateral - this is a dedicated amount of money and account which needs to be transferred by our partner to our account to cover costs of payment risks and collateral that we need to pay to Mastercard or VISA. Usually it is between 3-5 days of transaction volume. The collateral is non-refundable until the end of the project and may grow in time together with the volume of transactions. If we do not take collateral, there is a risk that in case of growth, we will have to block the partners' transactions because we will not have enough liquidity at Mastercard or VISA accounts.

2. Master balance - it is an account (in other words cash balance) dedicated to our card issuing partners where our partner stores his own money which covers fees paid to Quicko and/or transaction settlement in case of working with external balance API. There are two possible situations that affect the amount of the master balance:

- Scenario 1 - In case External balance API is used which means that partner keeps information about user balance and every transaction authorisation is routed to partner for approval. In such a case we have to keep the Master balance of the partner up to the amount of transactions. Every transaction authorisation is verified by the partner but also on our Master balance account. A day later we have to settle money for this transaction with Mastercard so we must have enough cash on Master balance to cover this transaction amount. Every day or any time our partner transfers additional money to the Master balance to make sure that there is enough liquidity to cover costs of transactions of their users. This means that the amount on the Master balance is high enough to cover transactions of users during a day, week etc.
- Scenario 2 - In case internal balances are used, we have a situation where all users' money are kept at our payment institution. It means that the partner does not need to provide additional funds to cover transaction volume. In such a case the partner

needs to transfer just an adequate amount to cover the amount of transaction and card fees to be paid for card issuing activities.

In all card issuing projects both collateral and masterbalance exist so please make sure you are aware of differences between those two definitions.

Thanks for reading.

Enter section select mode

Pay with Rewards, Pay with Points

There are multiple use cases where you can use **virtual Mastercard payment cards**. Let me explain how it works, how you can offer your users a loyalty program or another point-based program to make transactions at any merchant location.

Let's imagine you provide a [loyalty program](#) for your users. You can also have any other point-based offering that enables rewards. You are interested in launching a program in which your users will be able to pay at any merchant location with a Mastercard virtual card.

In such a case you could use our [card issuing](#) services with **External Balance API**. It would work in the following way:

1. We launch a **business card program** for you. We perform Know Your Business verification with you as a company. Every card issued in the program will be in fact a payment card of your company.
2. You integrate with our **Lifecycle API** in order to register users and request cards
3. You integrate with card issuing API to **manage cards** and with External Balance API to be able to **authorize transactions**.
4. We would also integrate your solution with **Apple Pay and Google Pay**, and the cards would have your visual. Thanks to this, your users could easily use them for any payment.
5. You have to decide what the **value** of a single point is. You will receive from our system authorization for 20 EUR and you will have to approve or decline this transaction.
6. We will ask you to open an account at our **partnering payment institution** - you will have a Master balance which will cover direct settlement of payment transactions. You can reload Master balance every day.
7. From that moment users will be carrying your payment cards in their Apple Pay and Google Pay wallets and every **transaction will be routed to your system for authorization**. At the moment of transaction we will use **Master balance** to cover the transaction cost and you will charge point balance of the user.
8. Additionally, you could **limit merchants** where users can make transactions and get an additional fee from the merchant for enabling transactions at a particular merchant.

In today's payment world, such a project is easily available and not difficult to implement. There is a **simplified integration** and after several weeks you can go live with a new functionality.

Thanks for reading.

Guide to IBAN setup process

In this article we would like to focus on **IBAN**, bank accounts delivery to your customers. This topic is raising a lot of questions and requires attention.

Let's assume that you would like to offer IBANs for your customers. If you are a fintech provider, money transfer organization, lending company, eCom marketplace, it could make a lot of sense as a value added product. In such a case [Verestro](#), together with partnering payment institutions and banks can provide you IBANs via API or inside our SDKs or white label products and your customers will be able to transfer money to and from those bank accounts in the same way they do it in normal mobile or internet banking.

But what happens in the background? How does it work?

There are a few dimensions that we need to remember about once enabling the IBAN product - technology, money movement, money holding, liquidity management etc.

Technology

From a technology perspective it is not very difficult. You just go to section IBAN management in our [Developer Zone](#) and can find APIs. Please remember that you must create a user first in our database, perform KYC in majority of cases, create a balance or account for this user and once it is done you will use this IBAN API to create an account number (IBAN) for this payment account.

In the background, during project setup and operations, Verestro and our partnering payment institutions create for you a set of IBANs from one or more banks that will be used in case you request IBANs or transfers via API. Once transactions come to this IBAN, technically you are receiving information from our system that the balance of the account changed and you can display this information to the user.

Money Movement

By **Money Movement** we mean a process of transferring real money from sender to receiver. Because we are using various payment institutions and banks behind our system, it is worth discussing. There are the following steps in this transaction:

1. Sender sends money to IBAN of your user generated at Verestro platform
2. Our partnering payment institution or bank receives information about incoming transfer to this IBAN
3. Verestro platform informs you about the incoming transfer and optionally initiates movement of money to another bank which acts as settlement bank for your transactions. This happens in case IBAN is generated in another payment institution than Settlement

Bank

4. Money gets available on user or your account or for settlements of card transactions at the moment it arrives at Settlement Bank (usually you do not experience any problems as it is at D+1 time)

Money Holding

In all cases money is held by **banks** cooperating with Verestro so they are secure in the same way as any other banking account in those banks. We cooperate only with strong and reliable banks in various countries (usually based in Poland).

Liquidity Management

In some cases once you are receiving and sending money from and to IBANs, in order to avoid delays of money transfers between various payment institutions and banks, it is necessary to place and manage additional **liquidity benefits** so that your users could send money faster. We will inform you about such situations during the project depending on the requirements and use case we are going to implement together.

Thank you for reading.

IBANs, cards, balances - how to manage all of this?

Once you are starting a payment account and/or card issuing project you need to learn key definitions and relations between those various parameters.

Balance ID - this is a real "account" in the Verestro system. This number is connected with User ID and means that the user has an account and balance in our system. The user can keep money on this Balance ID. Of course, one user can have multiple balances but a single balance can belong to one user only

IBAN - this number is often mixed with Balance ID. IBAN is a number through which the user can receive money to his balance via wire transfer. IBAN is not a balance ID. Generally it does not make sense to have more than one IBAN for one balance. Normally you issue one IBAN for one balance. Usually a user can have more IBANs and balances if he wants to keep money on separate accounts, in various currencies etc.

Card number - easier to understand, just a card number issued to a particular balance ID (not to IBAN!). A user can have multiple cards connected to one balance ID.

Once preparing to project with Verestro, please learn the above definitions. More info here:

<https://developer.verestro.com/shelves/card-issuing-ibans>