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.

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