

## Clearsettle Case Study Submission

### The Solution

Clearsettle is a global, cross-border payments processing and settlements company available via through a single API connection. Put simply, we enable and process the movement of money between some of the world's largest Payment Service Providers (PSP), merchants, consumers, and banks. While simple in concept, our business is quite intricate. Given the nature of our business, the FX and liquidity challenges we faced were highly complex and all revolved around the "three V's" – volume, variety, and velocity.

- **Volume –**
  - 11M transactions worth \$1BN are processed annually
- **Variety –**
  - Payment Types include over 50 options from credit cards, bank transfers, Wallet services and other alternative payments
  - Payments are accepted in 16+ currencies including Bitcoin
  - Bank connectivity to over 30 banks was required
- **Velocity –**
  - Real-time pay-in and pay-out payments and settlements processing for each of these transactions

Every day, Clearsettle receives ~\$2.7M in transactions daily into numerous bank accounts across the globe. The ability to track and manage these transactions accurately, make real-time payments back to the merchants while managing our own FX and internal liquidity, was becoming more challenging every day. We did not have an efficient or centralized means to manage these transactions across more than 30 different banking systems. We knew we would soon be facing the perfect storm of high transaction volumes and FX complexity.

Getting connectivity to our banks and achieving centralized visibility to our liquidity was critical. Equally important, was finding a way to become more nimble and intelligent in how we managed our FX liabilities. We recognized that we needed to take highly proactive action to deliver on our objectives:

- Centralize bank account management to improve payment and money-flow between purchasers, acquirers, banks, merchants, and Clearsettle
- Improve short-term liquidity management
- Improve "time-to-payment settlement"
- Optimize FX trading and reduce liabilities
- Implement structured payment workflows and risk controls

### **Briefly describe how best practice and/or innovation are being demonstrated.**

Our objective was simple, we needed to get ahead of potential FX and liquidity risk. However, the ability to deliver on them was not quite as straightforward.

As a young company, only 2 years old at the time, we did not have a treasury management system. As a startup, we also didn't have the budget or the bandwidth that more mature SMBs have.

In less than one year, Clearsettle has increased its payment processing over 230% from \$300M to a forecasted \$1BN. By 2019 we are projecting that we will be processing over \$3BN payments. It was crucial that we put a solution in place that would keep pace with our rapid growth.

To maximize our budget and minimize implementation resources, we needed a thorough plan that would address the following requirements:

- Flexibility and integrability of the treasury/connectivity solution
- Bank connectivity diversification and expertise
- Speed and ease of implementation
- Solution cost and scalability

We chose the C2Treasury™ treasury management solution from TreasuryXpress. With TreasuryXpress as our partner for technology, bank connectivity, and FX trading integration, we created a controlled and centralized hub for managing liquidity and in-bound and out-bound payments processing – with a full audit trail. It only took 12 weeks to implement and as of today, we are already forecasting an improvement of our FX margins by around \$200K.

As a payments gateway and transaction facilitator, our business is extremely unique, there was not one solution in the market that could support our need for broad connectivity, custom integration requirements with our FX trading provider and payments engine. Time-to-market was crucial.

To ensure that we built a solution that would help us in all areas of control, speed, and scalability, we worked very collaboratively with TreasuryXpress to customize their cloud-based solution. This collaboration allowed us to create a wholly technology and API-driven solution.

The final solution incorporates the following areas of innovation:

- **On-Demand Bank Connectivity and Centralization** – Clearsettle is the engine for our merchants and our PSP clients. Money-in means money-out for us, in real-time. Using the cloud and API connections, we can now centrally manage all payments and every bank that we and our clients work with. We have essentially achieved on-demand bank connection diversity. This system is technology reliant, not people reliant.
- **Liquidity Control and Payment Security** – With a single point of access to all of our banks and a single-workflow for payment management, we have further improved security and control. All payments now go through an intensified 4-step process that allows to load, validate, authorize, and release the payment. We are also able monitor all our own liquidity in real-time across all our bank accounts.
- **Currency Matching and Optimization** – By internalizing our transactions and matching our flows between currencies and customers, Clearsettle has reduced FX trading and improved margins. With the comprehensive connectivity we have achieved, we can easily identify same-currency liquidity amounts that can be used to settle payments, eliminating the use of FX wherever possible.

- **“Smart” FX Trading and Liability Risk Management** – What we’ve implemented is essentially a proprietary “Auto-Trader” leveraging the TreasuryXpress solution. Our payments gateway pushes transaction information into the TMS which then collates and makes automated decisions on that information based on pre-defined FX trading rules and thresholds. When thresholds reach a certain point, for instance 200,000 Euros, the system triggers and books an automatic transaction and our liability is automatically extinguished.

**Define the most important or unique reason this solution should win the Award.**

Using cutting edge, Fintech innovations, we have reengineered our entire business operations. Our “business” is to manage and facilitate payments. We literally cannot serve our customers and partners without the ability to intelligently and rapidly manage and execute payments.

As a Fintech startup ourselves, we did not experience the usual tipping point where we were outgrowing our current method of operations. Traditionally, treasury is not something that gets set up very early in a business. Most companies get to a certain size and then realize they need a treasury system. By that point, it becomes a really big job to do.

At Clearsettle, we saw the opportunity to leverage treasury as means to innovate. And, we inserted it at an early enough stage that it will really facilitate our growth, influence our business strategy, and bypass many typical growing pains. What we’ve done, will allow us to seamlessly grow from a startup into a big company.