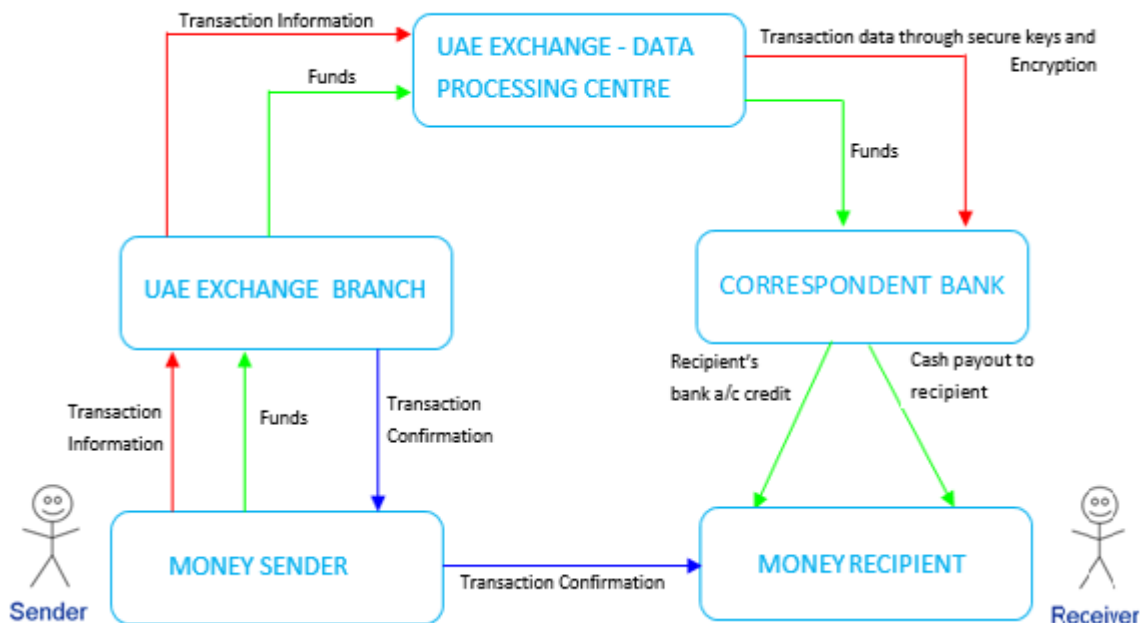


EPIF MEMBERS BUSINESS MODELS

Foreign Exchange

Foreign Exchange Money Transfer Process –description of the business model

I. Flow of Transaction Information and Funds



II. Money Transfer Business Model Description

The development of a network of branches, technology and scaling up the correspondent banking relationships are fundamental to the business model of large scale money transfer operators (MTOs) such as UAE Exchange, enabling them to provide such services between a wide range of points on the globe.

The above diagram provides a schematic illustration of the money transfer process, with the sequencing of transactions and actions indicated. It illustrates the importance of both transaction information flows and monetary flows, as well as the need for cooperation and relationships between the MTO and its correspondent banks in receiving and paying out money.

In most cases the remittance process occurs in three phases, the funds/transaction capture phase, inter communication and transaction credit phase and the settlement phase. In the funds and transaction capture phase an individual goes to the MTO and provides funds to be

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Foreign Exchange

transferred to the recipient overseas as a/c credit or cash payout. In the communication and transaction credit phase the MTO pays out the funds to the recipient through its correspondent banks in the receiving country.

In the settlement stage of the international remittance process the MTO settles the transaction involving different currencies across borders. Lags between fixing the exchange rate for the customer and undertaking the corresponding foreign exchange transactions create risks for MTOs which can either be hedged or the risk assumed on their own trading accounts. Compensation for that risk-bearing may be reflected in fees charged and exchange rate offered to the customers.

III. The process

1. Money Sender visits any of the UAE Exchange branches and provide sender and beneficiary information to send money. Payment to UAE Exchange by the sending customer is either in cash or card. Transaction information would include their details viz. Sender's name, address, recipient's name and bank account details (if the amount is to be credited in bank account). Irrespective of the mode of transmission a/c credit or cash payout, if the transaction amount is over and above EURO 1000, sender provides his/her identity and address proof. In some countries all customers sending money have to provide due diligence documents irrespective of size and value of transaction. UAE Exchange branch checks the transaction details and performs the required due diligence. Transaction details are captured in the system and confirmation receipt bearing sixteen digit XTT number is handed over to the sender. UAE Exchange system at backend performs the checks and screening as required under Anti-Money Laundering and Counter Terrorist Financing laws.
2. Tech Savvy customers can register and send money online through www.money2anywhere.com , the online money transfer portal of UAE Exchange. The online customer registrations and the transactions are subject to stringent due diligence procedure and can pay only online by using their bank card or internet banking.
3. Transaction data reaches to UAE Exchange data processing center and verified for onward transmission to the recipient's bank through secure keys and encrypted files or using swift platform depending on the type of transaction.
4. Cover Funds will be wired to the Vostro accounts of UAE Exchange maintained with recipient's bank and it is pre-funded. Irrespective of the funding at UAE Exchange end, transactions are credited or paid out to beneficiary within two working days in most destinations as cover is pre-funded.
5. In the receiving country, recipient's bank account gets credited. If the mode of transaction is cash payout, recipient will get paid out as cash at bank branch on producing the sixteen digit XTT number along with any identity proof approved by the bank.