

Postal payment services
clearing and settlement system

PPS* Clearing



UPU

UNIVERSAL
POSTAL
UNION

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TITLE: PPS*Clearing, postal payment services
clearing and settlement system

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WHAT CAN PPS*CLEARING DO FOR YOU?

- PPS*Clearing was launched in 2012 to secure and facilitate settlements between DOs exchanging postal payment services electronically within the same network
- PPS*Clearing is a receivable-driven clearing system open to all designated operators of UPU member countries that have signed to the PPS Agreement and that are members of the PPS User group



LINK TO A SETTLEMENT PROVIDER

Are you a postal operator looking for software to link to a settlement provider within the international money order business?



AUTOMATED CLEARING AND SETTLEMENT

Could you benefit from a system that automates clearing and settlement between you and your partners?



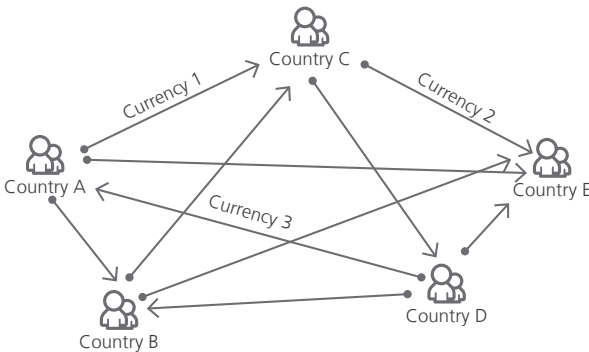
CURRENCY CONVERSION

Should this software also provide you with the latest currency conversion rates on a daily basis?

BILATERAL SETTLEMENT VERSUS CENTRALIZED CLEARING

WITHOUT PPS*CLEARING

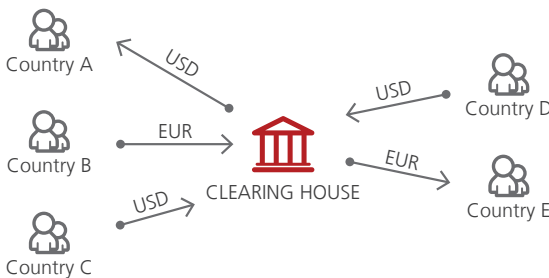
DOs settle their accounts bilaterally and manually at intervals defined in bilateral agreements



- Difficult process when many countries and currencies are involved

WITH PPS*CLEARING

A centralized clearing and settlement system prevents a multiplication of settlement agreements (and periodic payments)



- Ensures payment discipline through a pre-defined clearing calendar
- Reduces exposure to FX risk through the use of a limited number of currencies and FX adjustment mechanisms
- Reduces exposure to default risk through strict financial rules

HOW DOES PPS*CLEARING WORK?

ON A WEEKLY BASIS:

- PPS*Clearing generates bilateral invoices, consolidates them and calculates net positions for each designated operator
- The clearing house receives payments from net debtors and pays net creditors through the settlement provider once per week

THE SYSTEM IS AUTOMATED

AND PROVIDES DESIGNATED OPERATORS WITH:

- Detailed bilateral invoice statements on financial traffic
- Net statements
- Daily exchange rates (supplied by a common, reliable exchange rates provider)
- Confirmation of settlement (from settlement provider)
- Confidentiality and a secure environment

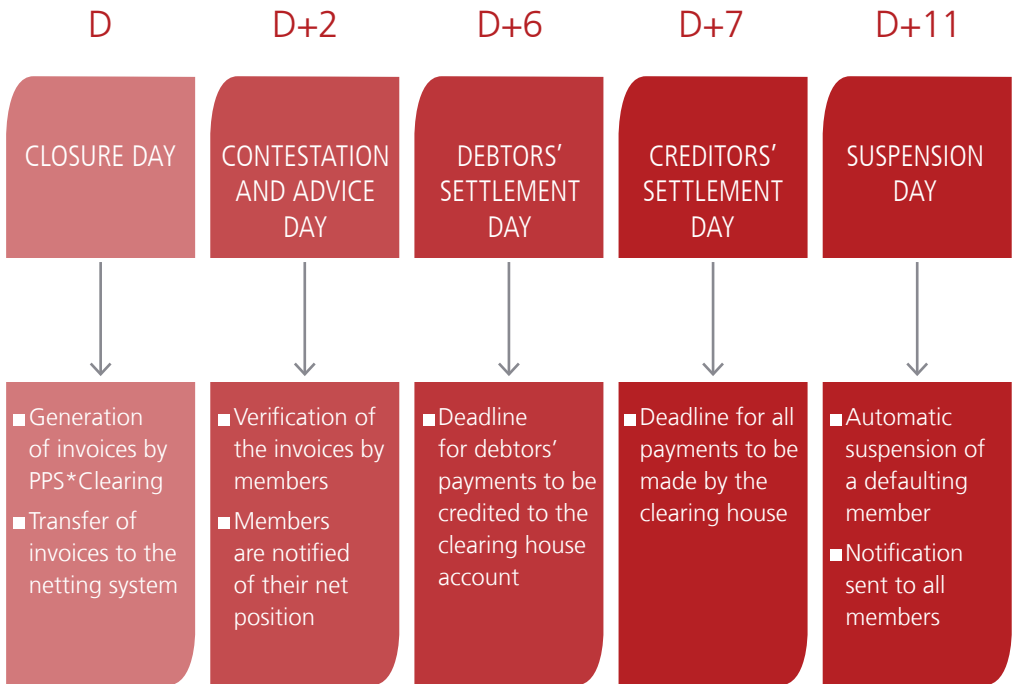
COMPATIBILITY:

- The system supports EDI messages that are compliant with UPU standards (MS38-5 and above)
- The system can be used in conjunction with the PTC's IFS software suite. For more information on IFS, please see our dedicated documentation

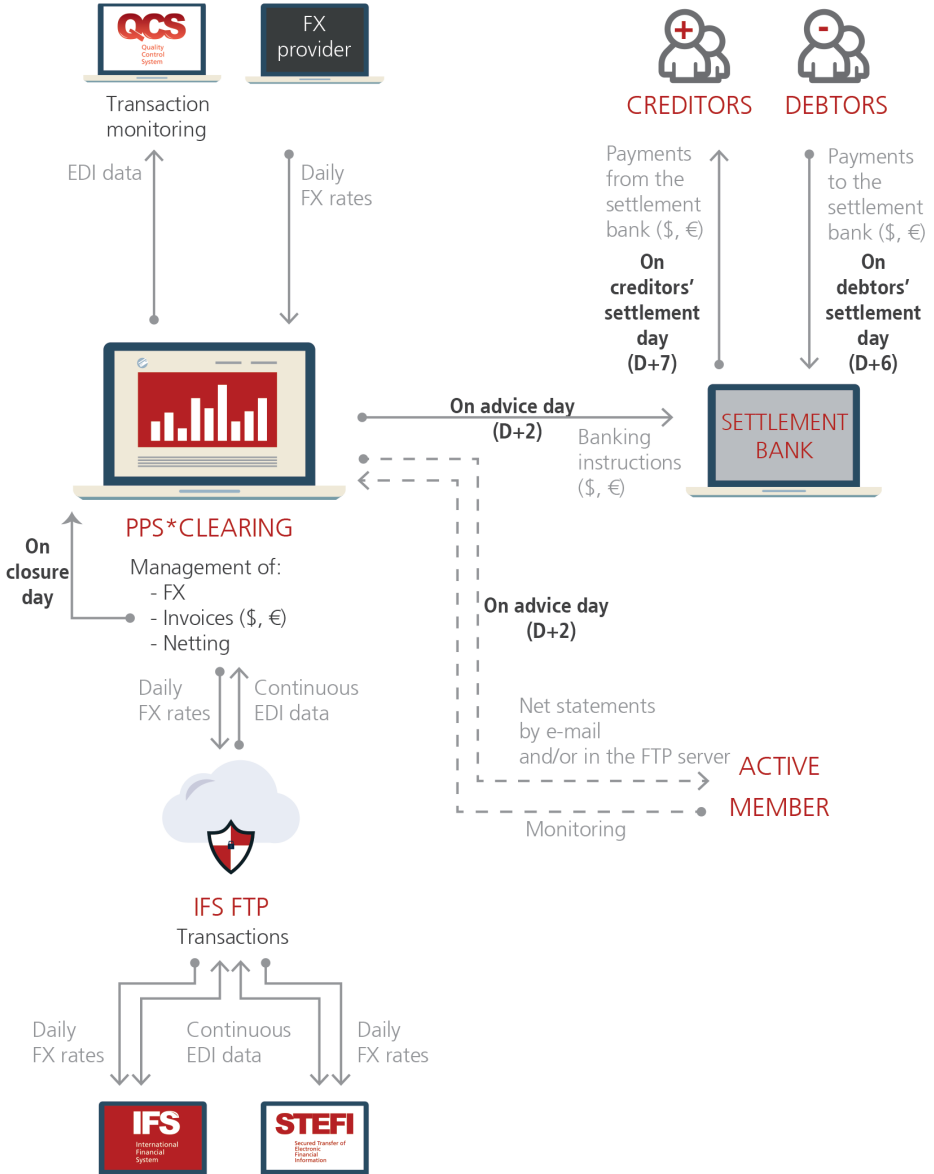
CLEARING CALENDAR

- The calendar is published every year by the clearing house and shows the clearing cycle for each month
- There are four to five clearing cycles in each month

EACH CYCLE CONTAINS FIVE KEY DATES



OVERVIEW OF THE PPS*CLEARING SYSTEM COMPONENTS



WHAT ARE THE BENEFITS OF JOINING PPS*CLEARING?

OPERATIONAL

PPS*Clearing helps designated operators:

- Optimize their administrative and banking costs
- Facilitate the process of data reconciliation and cash-flow management
- Reduce the risk of errors caused by a manual process
- Reduce the number of payments to one payment per country (by generating a single net position for each member)

GOVERNANCE

- PPS*Clearing is managed by the UPU International Bureau
- It is a service from the PPS User Group
- Clear rules and procedures govern the User Group and PPS*Clearing operations to ensure the security of financial settlements between members

HOW TO USE PPS*CLEARING

All members exchanging postal payment services within the UPU network can join the PPS User Group at any time of the year and at an affordable cost



For more information on using the PPS*Clearing system, please contact ppsclearing@upu.int

Contact

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