

Business Banking for e-residents

A Deep Dive with LHV & Coop Pank

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REPUBLIC OF ESTONIA
E-RESIDENCY

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Agenda

- + Setting the Scene
 - + What is e-Residency?
 - + Starting a company in Estonia
 - + Options for e-residents
- + Know Your Client (KYC): a reality check
- + Banking with LHV & Coop Pank
 - + Preferred client segments
 - + Eligibility criteria
 - + Onboarding process
- + Live Q&A



What is e-Residency?



E-Residency is....

- + **Digital identity**
- + Access to Estonian e-services
- + Means of identification online
- + Secure digital signature
- + A global community of e-residents



E-Residency is not....

- + Travel document
- + Citizenship, Visa or Residence permit
- + Tax residency
- + Business bank account
- + Personal bank account

Opening a company in Estonia

+ Benefits

- + Transparent & secure digital business environment
- + Ease of doing business
- + Opportunities to scale & grow
- + Join a community of like-minded people

+ Become an e-resident

- + Apply online in 30 minutes
- + Pick up card in 45+ locations worldwide
- + Entire process takes 3-8 weeks

+ Start a business online in just a few steps → 1-2 days

+ 100+ business service providers on the e-Residency Marketplace



92,000+
e-residents

21,000+
companies

Options for business banking for e-residents

1 Payment institutions & fintechs in the EU/EEA

- + Can be opened entirely online
- + Widest choice
- + Does not provide business loans

2 Banks in Estonia

- + Companies with “strong connection to Estonia”
- + Personal visit to the bank is required

3 Banks in other EU/EEA countries



Business bank comparison

	LHV	Coop	Wise	Wamo	Juni	Payhawk	Paysera	Intergiro
Fintech			✓	✓	✓	✓	✓	✓
Traditional bank	✓	✓						
IBAN	EE	EE	BE	EE	DK	EE	LT	SE
Application online			✓	✓	✓	✓	✓	✓
Credit/debit card/ pre-paid	Business Debit Mastercard	Business Debit MasterCard	Business Debit Mastercard	Business Debit VISA	Business Debit MasterCard	Business Debit VISA	Business Debit VISA	Prepaid Mastercard
International payments	✓	✓	✓	✓	✓	✓	✓	✓
Business loans	✓	✓						

E-Residency Business Banking survey 2021

- + 1313 Respondents to survey
- + 46% had perception that Est. bank accounts difficult to open
- + Respondents with accounts:
 - + Fintechs = 66%
 - + Estonian banks = 32%
 - + EEA banks = 10%
 - + None = 7% *
- + 84% opened Est. account on 1st attempt, 16% on 2+ attempts
- + 43% used service provider, 57% opened account themselves

** 3/5 unsuccessfully applied for an account, 1/5 had an account that was closed by the bank or fintech, and 1/5 either had not got around to opening an account or said they didn't need one.*



Know Your Client (KYC)

- Law requires us to
 - Money Laundering & Terrorist Financing Prevention
 - Applying sanctions
- Board members & beneficial owners
- Area of business activities
- Business volumes

(Enhanced) Due Diligence Measures

- Face-to-face identification of BOs
- Origin of your assets
- Agreements with partners
- Your background
- Previous payment history
- Fact based assesment of place of business

Correspondent relationships



Essential for crossborder payments, exchange services, international investments, trade finance etc.



Rely on trust

Lack of visibility - prone to abuse
Fines, sanctions, financial damage, reputational damage



Must comply with correspondent banks' risk appetite

Cannot onboard clients according to its own risk tolerance



The backbone of modern banking

Customer Segments

Industry			
Area of business	Estonia	~50% in Estonia	Adult Industry; Crypto; Weapon industry;
Residency of BO	Estonia	Elsewhere	RU/BY, FATF blacklist
Background of BO	CV	Unrelated to the industry	RU/BY, FATF blacklist Organized crime related sources of income, sanctions,
Background of Company	Well established		Unreasonably complex structure
Required Services	Everyday banking		Payments to certain countries, tax consultancy, brokerage services
Predicted volume	Makes sense – easy to evaluate		Impossible
Connection to Estonia	Strong	~50% in Estonia	No connection

Account Opening Process

Start-ups

Company
Registration
Portal

Convenient i-bank
Free Bank Link Payments
Debit Card
Cash Deposit & Withdrawal
Free European Payments

Client Data Form

Can be submitted:

- Online
- In any of our branches

~ 15 minutes

Decision Process

Background check

Documents

Risk assessment

Due diligence

- Inquiries
- Internal processing

~ 1 day – 3 weeks

Signing Documents

Can be signed:

- Online (if identified F2F)
- In any of our branches

~ 15 minutes

Price List

Account
opening

200 €

Monthly fee

20 €

Corporate
Plan

FREE

join us free of
charge before
August 31st 2022!
Use the code
ER200 when
applying for an
account for your
company in
Estonia

Customer segments

Industry		digital nomads	gaming, gambling, betting, e-sports, adult content, crypto, NFT
Country of business		EE/EEA, UK	FATF, RU/BY, off-shore, MT, CY, LU
Residence of BO	EE	EE/EEA, UK	FATF, RU/BY, off-shore, MT, CY, LU
Background of BO		CV, clear origin of funds	sanctioned, convicted
Background of CO		portfolio	tax debt
Required services		everyday banking, ACQ, investment services	payment gateway, nominee account
Connection to EE		office, clients, partners, warehouse, investments	none

Process of opening an account



1. Submit application form online

- lhv.ee/non-resident
- ~ 15 min

2. Send documents to nonresidents@lhv.ee

- completed PDF application
- passport copies of board members and beneficial owners (holding of over 25%)
- overview of the ownership structure
- ~30 min

3. Decision on your application

- Risk assessment, EDD
- Collaboration with CM via phone, e-mail, zoom etc.
- 2-4 weeks

4. Identification & signing

- F2F identification and signing of client agreement at client office
- ~15 min

Price List



Opening an account - 200 EUR



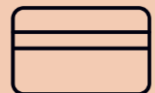
Euro payments within SEPA region – free of charge



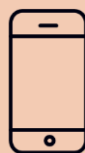
Monthly fee – 20 EUR



Investing in Baltic stocks – free of charge



First card – free of charge
Bank card monthly fee – 2 EUR
Deposit & withdrawal - free of charge

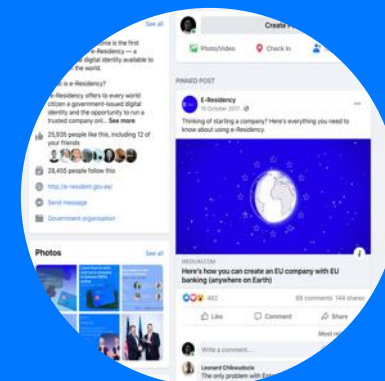


Online bank and mobile bank – free of charge

Thank you and a few final things...

What's next?

- + Give us your feedback!
- + Visit <https://www.e-resident.gov.ee/webinar-follow-up/>
- + Get to know our resources
- + Join us at upcoming events
- + Subscribe to our newsletter
- + Engage on social media
- + Send your additional questions to e-resident@gov.ee





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We're reimbursing e-Residency fees for Ukrainians!

Apply for e-Residency and register a company in Estonia with an eligible business service provider, and we'll cover the application fee.



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