



# Custody Accounts

## Closed-Loop Payment & Escrow

Custody Accounts (also known as Custodial Accounts) are part of our deposit product offering. They enable platforms to ledger funds (track funds for each individual user) at the user level and to remain out of the flow of funds for a transaction. This means funds are moved between the user and the bank, which lessens compliance issues.

Custody Accounts can be used in two primary ways: for closed-loop payments and escrow.

### **Closed-Loop Payments**

Closed-loop payments are initiated when a user moves money between bank accounts via our ACH or Debit Card services. Closed-loop payments are light on KYC. Funds are also FDIC insured, which can make them a better alternative to clearing accounts (which are not FDIC insured).

## Escrow

Similarly, if you need to provide an escrow product that requires a Trust custodian, or third party trustee, this is the product for you. Escrow accounts work by holding funds on behalf of the recipient of the funds until certain criteria is established and met (can be used for inheritance purposes, settlements, etc.).

At the API level, Custodial Accounts work the following way:

```
Synapse-US View API >  
  
import os  
from synapse_pay_rest import Client  
from synapse_pay_rest import User  
from synapse_pay_rest.models.nodes import SynapseUsNode  
  
kwargs = {  
    'nickname': 'Custodial Account'  
}  
node = SynapseUsNode.create(user, **kwargs)
```