



EUROGIRO

News

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2 / June 2000

ING/Postbank uses crossborder payments to pave the way for electronic banking

The marketing campaign for crossborder payments also aims to stimulate the use of electronic banking.

ING/Postbank has launched a marketing campaign for cross border payments. The campaign follows previous successful marketing campaigns on crossborder payment products, which has led to significant increases in sales of the products. This campaign, which has been running from the end of March and throughout April, is primarily intended to put Postbank on the map as a provider of international payments. The means of doing so was by positioning the two products as Eurogiro and Worldgiro.

“The campaign emphasises the simplicity, the ease of use and the low price of the products” says Cecile Koops, Product Manager at ING/Postbank “Furthermore, Postbank is trying to stimulate electronic banking as the means of making the payment order.” Existing Postbank business clients who were not using electronic banking at the

start of the campaign were offered the electronic banking packet for one year free of charge. The overall concept communicated to the target groups was the view of business people who gain many advantages from Eurogiro and Worldgiro in their day to day work.

For direct mail the postcard teaser concept was chosen. The postcard teaser concept means that a number of postcards are being sent over a period to each target person or company. However, the real sender of the postcards (ING/Postbank) is not revealed in the first couple of postcards. In this way the first postcards will stimulate the interest of the receiver by raising the question: “who is sending me those postcards?” In the ING/Postbank campaign, the ostensible sender of the postcards would be an imaginative small business professional who is buying products all over the world

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The IT subjects will be covered at a later IT User Group Meeting in Cannes.

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Eurogiro News is a magazine for the promotion of information, ideas and knowledge in Eurogiro.

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The Eurogiro network is an international electronic payment network for the postal financial institutions.
The Eurogiro network is the only electronic cross-border payment system which covers both postal and bank products.
Eurogiro has 29 member institutions.
Although Western Europe is the core area, Eurogiro now spans four continents.
The electronic payment system of Eurogiro is administered by Eurogiro Network A/S in Copenhagen, which also provides the organisational framework for the further development of the co-operation. The company is owned by 16 European members.

Eurogiro Member institutions:

Austria: P.S.K. AG • Belgium: POST-CHEQUE • Cape Verde: Correios de Cabo Verde • Croatia: Croatia Post • Denmark: BG Bank A/S • Finland: Leonia Bank Ltd. • France: La Poste • Germany: Deutsche Postbank AG • Iceland: Póstgíró • Ireland: AN-Post • Italy: Poste Italiane • Japan: Postal Savings Bureau • Luxembourg: P & T • Morocco: Office Nationale de Poste • Netherlands: ING Bank N.V. /Postbank N.V. • Norway: Den Norske Bank/Postbanken • Portugal: CTT Correios • Romania: Banc Post, Posta Romana • Slovakia: Postova Banka • Spain: Argenta-ria, Correos • Sweden: Postgirot Bank • Switzerland: Swiss Post Postfinance • Tunisia: Tunisian Post • Turkey: General Directorate of Post • United Kingdom: Girobank PLC • USA: The Chase Manhattan Bank, Bankers Trust a Subsidiary Deutsche Bank, Western Union



“The campaign of ING/Postbank emphasises the simplicity, the ease of use and the low price of the cross-border payment products of Postbank”

and communicates this via ‘hand-written’ postcards to the target group. The message is immediately visible, as an envelope does not cover them.

“The direct mail campaign is not a typical bank communication!” says Ms. Koop “The story which builds up is much like a cartoon. The mystery is revealed on the third and fourth postcard. The campaign itself is threefold and is aimed at present and potential Postbank business clients.

- ◆ Current customers received a mailing, which consisted of four teasers in the form of postcards (from existing places all over the world) and culminated in the receipt of a letter.
- ◆ At the same time, advertorials were placed in relevant magazines.

- ◆ In radio commercials the products were described for both prospective and existing Postbank customers.
- ◆ During week 16, the last advertorials appeared in relevant magazines.

The overall message is that business people are able to do their job so well and efficiently thanks to Euro- and Worldgiro of Postbank.”

ING/Postbank uses “Worldgiro” or “Eurogiro” as the product label for cross border payments through Postbank. Unlike most other Eurogiro members, ING/Postbank uses the Eurogiro label solely for payments within the euro zone, whereas the “Worldgiro” term is used for payments outside. Both retail customers and wholesale clients can use the products.

The implementation of the new COD takes off

A survey among Eurogiro members shows that year 2000 will be the year of implementation of the new COD structure.

■ Ten of the eleven Eurogiro members surveyed expected to implement the new UPU COD form (Universal Postal Union’s Cash on Delivery form) and migrate the accompanying transaction to electronic media (Eurogiro) before the end of year 2000.

The Eurogiro services are very well suited as tools for the financial transactions. They have the potential to speed up the payment to the initiating customer/sender of goods as message types for both payments to accounts and payment in cash are available

in the Eurogiro product range. The COD item can be identified through the insertion of “COD” and reference number in the first line of field 70. Furthermore, the daily settlement used in Eurogiro minimises risk just as it allows automatic settlement.

The new COD form was adopted by UPU at the Beijing Congress in September 1999. It contains an extra field aimed at ensuring that the COD reference number is quoted by the receiving institution when the payment is initiated.

Cross Border Payments – a rapidly changing industry

Cross Border Payments will develop into a commodity putting pressure on profits and increasing demands on quality and speed. This statement is agreed by everybody in the industry. It is no longer a question if it will happen - but when it will happen.

Existing analysis indicates extraordinary growth rates in the volumes of payments going cross border. These growth rates will make the market profitable also in the future for those organisations that are able to produce their payments as efficiently as possible.

The market is attracting new players from industries not usually active in the area of payments as for instance software companies.

To prepare for the future, Eurogiro members focus on: Cost efficient processing, marketing to achieve higher market shares, offering new services and increasing quality to secure satisfied clients.

The intention of the newsletter is to reflect some of the efforts among members in these areas.

New business is being attracted for instance by the successful marketing of ING Postbank which, for the second time in a row has proven to provide new business and profits.

Workshops and seminars have the overall objective of focusing on improved quality and the development of common business.

For Eurogiro members – often known as specialists in the handling of payments – global geographical reach is important and much energy is put into this field. Important partners for Eurogiro are the US banks and Western Union all working as active partners to develop common business. The seminar in Dublin is an example of such an activity and during June Western Union will also launch a Postal initiative, focusing on the specific needs of Postal organisations. We welcome these initiatives very much as we

hope they will create added value to the membership.

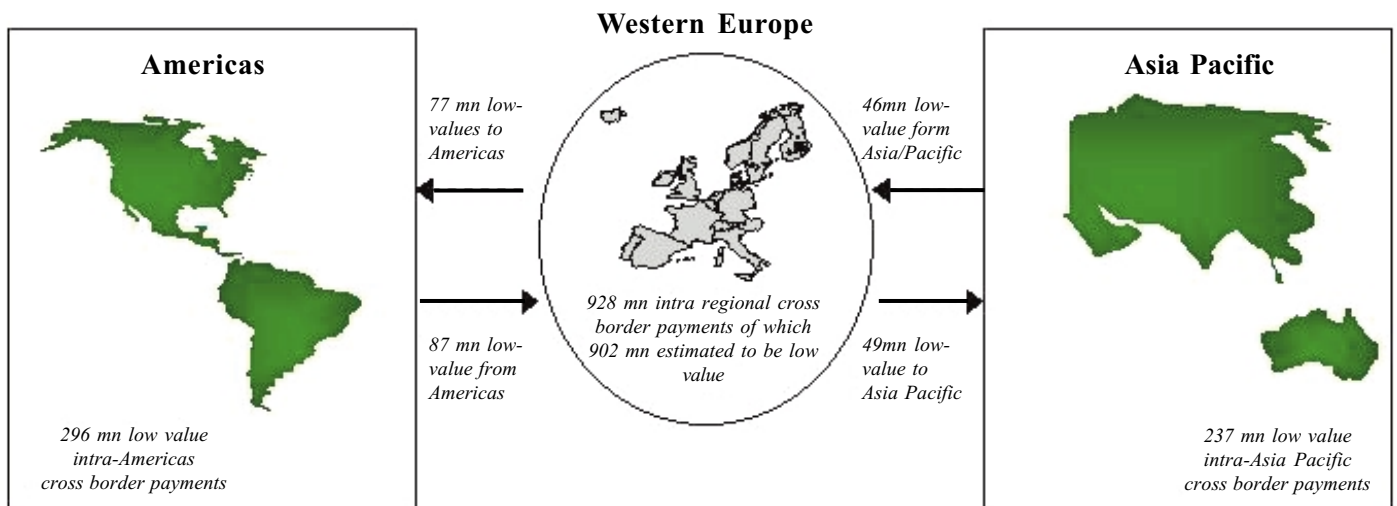
New services are constantly being launched by Postal organisations – two such examples are shown here: the introduction of an Internet bank in Norway and E-“Factura” in Sweden.

Also, we are proud that in this issue, we are able to present two new members: The Croatian and the Tunisian Post – geographical expansion is part of the strategy to secure global reach.

Henrik Oksholm, Editor-in-chief

In the low-value market, intra-Western Europe cross border payments largely exceeds the payment flow to and from the region

- Regional low-value payments 1999 - mn transactions



Low value payments to and from WE: 164 mn of this, remote payments: 23 mn

Low value payments to and from WE: 95 mn of this remote payments: 13mn



Sources BCG payments report, Andersen Consulting estimates

“For Eurogiro members – often well known as specialists in the handling of payments - global geographical reach is important and much energy is put into developing this field”

For most Eurogiro members the internet is an expanding distribution channel. Increasingly, the internet is used for the origination of financial transactions and, among these, are a number of domestic and international payment products. Below, we report from Norway and Sweden on initiatives and the development of this distribution channel.

Largest internet bank in Norway

DnB and Postbanken jointly have more than 120,000 internet banking customers.

■ In 1999, Postbanken of Norway, under its Nettbank brand, became the largest internet bank in Norway. Since the start of the year, the number of Internet banking customers has risen from 53,000 to 75,000. In the same period, DnB, the other part of the ongoing DnB Postbanken merger, has more than doubled the number of internet bank customers from 25,000 to 50,000.

In a customers' satisfaction, survey Postbanken recorded the highest score among Norwegian banks. In the largest test to date of home sites of Norwegian banks, most Postbanken customers feel Postbanken Nettbank has the right functions. Postbanken also scores the highest marks for commitment to the internet and the customers also think

Postbanken is the market leader on the internet. "The Nettbank is one of our most important focus areas from now on" says Petter Jansen, Member of the Board and CEO of Postbanken. "We will continue to develop Postbanken Nettbank to maintain the position as the leading bank on the internet in the years to come".

Postgirot of Sweden in e-bill move

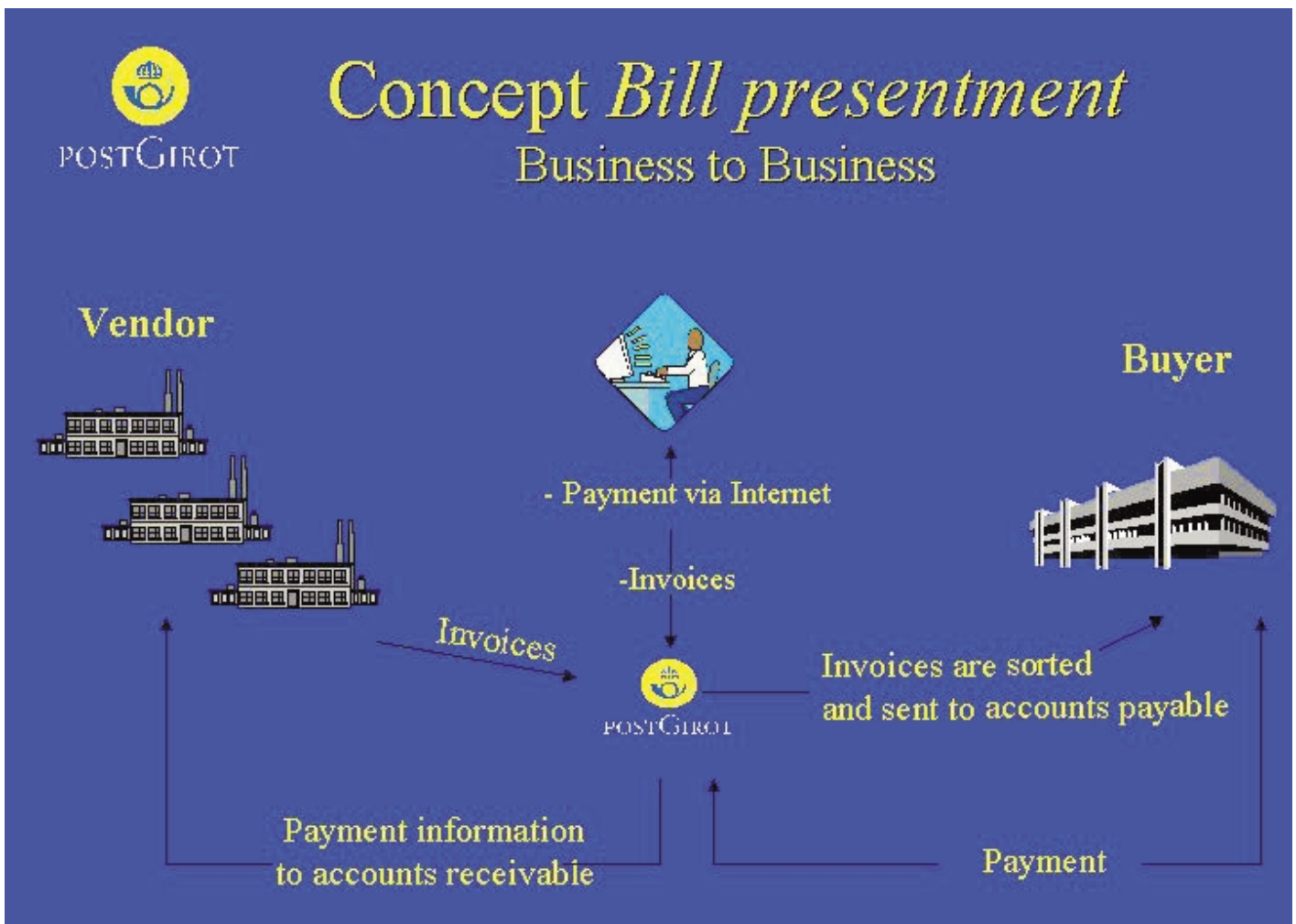
Postgirot's eFaktura is now available for invoicing for corporate customers. The product allows customers to choose between several standardised solutions.

■ For a long time, Postgirot has offered corporates the ability to present bills electronically through its "eFaktura" product, which can be used for billing private individuals who hold accounts under the ePostgiro label. Postgirot is now launching the product eFaktura Företag (e-bill business) which is for use between

corporates. This means that all customer segments will have the opportunity for electronic bill presentation, with freedom to choose their preferred format.

Postgirot has an account relationship with approximately 95 per cent of Sweden's businesses and transacts payments between

"The Postgirot bill presentation concept is complete for customers because bill handling and payment processing is integrated"



a large portion of these companies. Postgirot now offers the complete solution, in which the payment processing is integrated in the bill handling. Postgirot launched a solution for payments from private individuals to businesses already back in 1998.

“We now complete the bill presentment product to cover both the business-to-consumer and the business-to-business part” says Lennart Holgerman, head of e-commerce and card business in Postgirot.

For a company using the eFaktura Företag, all billing can be made electronically. The buyer company receives all its bills from the

vendor companies grouped in one electronic file and sent via Postgirot. In this way, the Postgirot bill presentment concept is complete for the customers because the bill handling and the payment processing is integrated.

“The electronic bills from different vendors are collected and sorted each day with Postgirot before they are dispatched in the file format which is chosen by the buying company” says Mr Holgerman. “The buyer has the ability to integrate the bill information directly in the various business systems, such as procurement systems and accounts payable, and no manual registrations are needed.

For buyers and vendors, the eFaktura of Postgirot means one connection for communication, file format and security. The quality of the bill information is secured through the use of a validation function in the application. Included in the application is also a register of customers and agreements which allows both buyer and vendor to manage file format, communication format and security solutions.

“The complete electronic billing is yet another supplement to our banking services to support our bid for the e-commerce business”. says Anders Wahlström, CEO of Postgirot.

Cape Verde Connected to Eurogiro

After installation in February, Cape Verde is already in production with Portugal.

■ Correios de Capo Verde, the postal organisation of the Cape Verde Republic off the coast of Western Africa, had the Eurogiro system installed at the end of February 2000 after signing up with Eurogiro Network A/S in late December. As soon as the end of April, Cape Verde went into live production with CTT of Portugal, which has working close with Correios de Capo Verde throughout the connection process.

Correios de Capo Verde aims at replacing the existing paper money order flow with the Eurogiro electronic money order. Portugal is by far the most important country of origin for the money order flow received in Cape Verde.

However, Italy, Spain, France and Germany are also important countries for Cape Verde.



Joining forces in Implementation

CTT Correios of Portugal and Cape Verde team up for Eurogiro implementation

■ During the implementation of the Eurogiro system and procedures in Cape Verde, Mr. A. Ventura Rodrigues of CTT Correios of Portugal was participating in the Eurogiro installation team. “Since CTT joined Eurogiro our goal has been to move all paperbased transactions to the Eurogiro network” says Mr. Rodrigues. CTT gives support to postal administrations of former Portuguese colonies and consequently has close connections to Correios de Cabo Verde (CCV).

“Correios de Cabo Verde asked us to be present at this implementation to advise them on setting up this new service.” says Mr. Rodrigues. “We expected to be able to help CCV to move as fast as possible

to Eurogiro and we sought to serve as a “bridge” between Eurogiro and CCV at this event, especially regarding possible language difficulties as we speak the same language. Last, but not least, we could share with them some of our daily experiences.”

The technical installation is one of the major issues when implementing IT systems in countries with poor access to IT equipment. However, this went smoothly in Cape Verde. “Setting up the equipment went easier then expected” says Mr. Rodrigues “the next challenge was to pass the whole knowledge in three or four days to CCV - this also went extremely well as we could train them on Eurogiro in English and Portuguese when needed, using the very

good training material from Eurogiro and some interesting experiences made in the past two years at CTT.”

Apart from the obvious challenge of installing the system and training the users, marketing and sales issues should also be addressed. Organisations, which join Eurogiro and convert from paper to electronic money orders, should also convey a message underlining the gains in speed and efficiency and thus the improvement of the competitive position of the new member bank or postal administration in Eurogiro.

Western Union Consolidates its Position in Europe

Since Western Union announced its alliance with Eurogiro in 1998, the number of postal organisations in Europe signing deals with Western Union has risen to fifteen.



“Western Union supports its service to postal organisations throughout Europe with high profile marketing and merchandising materials”

■ Commenting on the successful partnerships to date, Kurt Marx, Marketing Director, European Postal Organisations for Western Union says: “Western Union’s successful partnership with fifteen Postal Organisations in the last two years is testament to the mutually beneficial relationship between the two organisations.”

Western Union offers the facility to conduct instant money transfer services at postal counters. “With over 80,000 agent locations in 185 countries, the Western Union service provides a crucial service for the postal organisations which can lead to increased counter traffic and excellent profit forecasts for those carrying the service. Both parties reap the financial rewards while customers get the fastest and most convenient service available”, explains Mr Marx.

Western Union supports its service to postal organisations throughout Europe with high profile marketing and merchandising materials as well as systems and operations advice. “Western Union offers postal organisations a 24-hour customer support centre to deal with any operational issues. Alongside this, we can provide marketing support from grassroots sponsorships to merchandising through to highly strategic advertising campaigns,” says Mr Marx.

The latest member to implement Western Union’s instant money transfer service is Denmark’s BG Bank which has introduced the service to its customers throughout 500 of its electronically connected post offices.

High hopes for La Poste, France.

Since signing the deal with Western Union in 1998, La Poste has had a very successful union with the company.

■ In 1998 La Poste had 1,200 Western Union agent locations. It is anticipated that by the end of 2000 this will have risen to 1,700. The number of money transfer transactions over this period rose from 300,000 in 1998 to close to three quarters of a million at the end of 1999. These figures are expected to rise dramatically by the end of 2000.

Western Union’s in-country marketing support in France continues to build consumer awareness of the Western Union service available through outlets such as La Poste. An example of this support is Western Union’s sponsorship of SMAP, an annual exhibition for Moroccans living in France.

As well as competitions and other promotional activities carried out at the exhibition illustrating the benefits of the service to its consumers, last year Western Union set up a live video-conference facility from the show.

This was designed so that Moroccans visiting the show could see and talk to members of their families that they had not seen for years. This exercise demonstrated Western Union’s advancement in technology whilst encouraging trials of the instant money transfer service, brand recognition and loyalty. As well as local support such as this, Western Union also takes on high profile international initiatives such as its sponsorship activities with Manchester United.

“The huge global network of Western Union locations gives customers of postal organisations a far greater choice than ever before,” comments Mr Marx. “We are optimistic that more and more national postal organisation networks will consider the package that Western Union offers to them

and their customers and take advantage of the service’s ever increasing popularity, marketing support, advanced technology and operational back-up.”

For further information on Western Union, contact Kurt Marx on: +43 1 501 34 -0



“Western Union sponsors SMAP, which is an annual exhibition for Moroccans living in France. At the 1999 exhibition, Western Union set up a live video conference facility allowing visitors to see and talk to family members in Morocco.”



Tunisia Signs with Eurogiro

La Poste Tunisienne offers access to more than 250,000 accounts as well as a large network of post offices.

■ On the southern shore of the Mediterranean, Eurogiro will be directly linked with yet another Postal organisation as La Poste Tunisienne joins the Eurogiro co-operation. La Poste Tunisienne holds more than 250,000 accounts for Tunisian private, business and government entities. With a large number of immigrants from Tunisia in many European countries, transfers to Tunisia are a very important area of business for La Poste Tunisienne. With a network of more than 2000 post offices covering all of Tunisia, La Poste Tunisienne is also well positioned for

receiving money orders in favour of Tunisian private individuals.

“By joining Eurogiro, we want to ensure the highest level of safety and speed of our international funds and money transfers” says Mr. Khaled Neji, Head of Centre des Mandat in La Poste Tunisienne. “Furthermore, we would like to take advantage of the business opportunities in product development offered by new technology. La Poste Tunisienne has ongoing training activities for employees to allow them to embrace the new technology.

Thus more than 6000 of a total of 8000 employees in La Poste Tunisienne took part in IT training during 1999.”

The installation in Tunisia was made during the beginning of April 2000 and La Poste Tunisienne expects to start up during spring and summer. The Eurogiro products to be introduced will include electronic money orders and payments into giro accounts as well as cash in payment to accounts.

Tunisian Post watches Swiss experience

Tunisian Post and Swiss Post Postfinance in co-operation on Eurogiro implementation

■ At the initiative of Mr El Hadj Gley, General Director of Office national des Poste, a delegation of the Tunisian Post visited Swiss Post Postfinance on 11 and 12 April 2000.

The delegation studied the Eurogiro operations and procedures in Swiss Post Postfinance. The first day was dedicated to the study of how the Eurogiro services are integrated in the Postfinance organisation. Jean Luc Demierre of Swiss Post, who is working part time for Eurogiro Network A/S, arranged the visit for the Tunisian delegation. “Both commercial and technical issues were discussed in details,” said Mr. Demierre “The large number of questions posed by the visitors showed the commitment of the Tunisian Post to make a rapid implementation of the procedures necessary to make the connection effective.”

On the second day, the delegation visited the Postfinance operations centre. This allowed the Tunisian delegation to experience the Eurogiro processing live. Furthermore, a visit to the Western Union Call Centre showed the delegation how the Western Union products have been integrated in the Postfinance operations.



“The installation in Tunisia was made at the beginning of April 2000. This picture is from the on-site training which is part of the installation process”

Bankers Trust (Deutsche Bank) seminar on USD payments in Dublin

The seminar in Dublin was organised to focus on how Eurogiro members can improve their competitive edge in USD payments. Over 25 representatives from the Eurogiro members attended, with active discussion and participation in workshops on 6 and 7 April 2000.

■ In a constantly changing payments environment, it is critical to keep up to date with industry trends and new technology. Striving for low costs in a market which is increasingly becoming a commodity market, is as important as maximising profits by efficient processing.

The seminar focused on:

- ◆ An update on the impact of e-Commerce and Continuous Linked Settlement (CLS) in the payment arena.
- ◆ Tools and information to market “global reach” in the local markets.
- ◆ Ideas to allow each organisation to create operational efficiencies and minimise costs in USD payments.

Experts representing Bankers Trust (Deutsche Bank), one of the top three banks in the world, made the presentations with a very positive response and feedback.

Eurogiro Activity Calendar Summer 2000

May 24

Payment Seminar in Luxembourg

May 25/26

User Group Meeting in Luxembourg

June 8/9

Query seminar in Vienna

June 19/20

IT User Group Meeting in Cannes

June 26/28

Western Union European Postal Conference in Vienna

October 3/4/5

Post Expo Geneva

Eurogiro User Group meeting in Luxembourg concentrated on products and markets

The IT subjects will be covered at a later IT User Group Meeting in Cannes

■ The annual Eurogiro User Group meeting was held in Luxembourg on May 25 to 26 2000. The User Group meeting covered common subjects such as operational issues, quality testing, a service level agreement and general system information. This year it has been decided to lift the IT related subjects out of the User Group meeting to concentrate talks on market, products and operational issues. “As the number of participants has grown over the years, the risk was that too many people would be discussing too many subjects with the loss of focus as a consequence” says Henrik Parl, Managing Director of the Eurogiro Network

A/S. “To avoid such a situation we decided to have a more targeted theme, which would make up for the more diverse attendance.” Instead of being covered at the ordinary User Group Meeting, the IT issues will be discussed at a dedicated IT User Group meeting in Cannes on 19th to 20th June 2000.

The Eurogiro User Group meeting can be considered the flagship of events in the Eurogiro conference and seminar calendar. It gathers representatives from all the member organisations in Eurogiro for the two days, with presentations and workshops. In addition to the official programme the

meeting is, of course, also one of the prime events for bilateral discussions in the cross-border payment area. This will be the fourteenth user group meeting.

Croatia Post (Hrvatska Posta) signs with Eurogiro

The system was installed at the end of May, with testing to be conducted in the following months.

■ The Croatian Post will implement both the Eurogiro money order services as well as the Western Union urgent cash services. The

Croatian Post is the 29th member of Eurogiro. Croatia is the 26th country represented in Eurogiro.

Among the subjects covered in the next issue of Eurogiro News appearing in August are:

- ◆ Western Union workshop
- ◆ IT User Group
- ◆ Query seminar

Please forward ideas, comments, articles etc. to:

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