



EUROGIRO

News

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New Eurogiro member in Brazil adds a new continent to the network



■ Empresa Brasileira de Correios e Telégrafos signed an agreement on 2 July 2002 and became the 39th member, extending the number of countries in the Eurogiro co-operation to 37 and adding an important new continent.

Empresa Brasileira de Correios e Telégrafos is fully state-owned and has 5,300 post offices and a total number of points of sale incl. other agents of 6,300. Empresa Brasileira de Correios e Telégrafos is offering its services to a population of approximately 160 million people, of which around 80% lives in cities.

Within postal financial services Empresa Brasileira de Correios e Telégrafos has the following core products:

- Cheque and savings accounts
- Bill collection
- Payments and money transfers

Financial services are operated in partnership with a private Brazilian bank.

CTT Correios de Portugal will act as a dedicated advisor to the new member on matters such as operational procedures, bilateral agreements, organisation set-up, and also act as the first testing organisation for the initial testing of the exchange of payments. The time for installation of the ELS-system is anticipated to be end September.

Adding a new member to the network also brings new possibilities for other Eurogiro member organisations. In Eurogiro we hope that we will see good working relations and feel confident that the membership of Empresa Brasileira de Correios e Telégrafos will further strengthen the Eurogiro network.

Eurogiro User Group in Copenhagen in May 2002

The recent Eurogiro User Group meeting in Copenhagen, hosted by Danske Bank, was considered by all participants to be a great success. The meeting featured internal presentations, bilateral discussions, workshops and high quality external presentations, all of which were very well received.



■ On 29-31 May, Danske Bank hosted the annual User Group meeting in Eurogiro. The meeting followed the usual format, with updates on the developments in Eurogiro, and operational and marketing workshops, bilateral discussions and external presentations. However, this year more time was set aside for bilateral discussions, which were viewed very favourably by the

participants, as the growth in Eurogiro has increased the need for business discussions between members.

The initial part of the meeting gave an update on the recent development in Eurogiro, ie. the new Tele-Money Order, EUROCREC, the new FED alliance, EURO Settlement Service Provider (ESSP) etc. It is hoped that these new initiatives will secure a growth in Eurogiro

that is in line with the recent year's growth rates of 25-30%.

The two discussion groups – operational and marketing – again proved very fruitful, as they gave all users the opportunity to participate in in-depth discussions and to influence future development.

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The last day of the conference featured four very interesting external presentations. Mr. Giboz, CEO of Europe from Western Union, emphasized during his presentation some major trends in the European market. Most significantly the higher immigration flows are likely to increase cross border traffic in the future. Mr. Vink from EBA, highlighted the ambitious plans of EBA Step 2 and the vision for a European payment system set-up. The Single European Payment Area (SEPA) was also a key content of the presentations of Mr. Nymphiuss of Deutsche Bank and Ms. Schwiemann of the European Commission. Mr. Nymphiuss emphasized the desirability and likelihood of SEPA and discussed the challenges thereby facing the European Banking Sector. Ms. Schwiemann underlined the necessity of a single payment market and

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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 39 member institutions. Although Western Europe is the core area, Eurogiro now spans five 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: PSK/BAWAG • Belgium: Postcheque
• Brazil: Empresa Brasileira de Correios e
Telégrafos • Canada: National Bank of
Canada • Cape Verde: Correios de Cabo Verde
• China: China Post • Croatia: Hrvatska Post
• Czech Republic: CSOB a.s. • Denmark:
Danske Bank A/S • Estonia: Sampo Pank •
Finland: Sampo Bank Plc • France: La Poste •
Germany: Deutsche Postbank AG • Greece:
Hellenic Post • Hungary: Magyar Posta •
Iceland: Iceland Post • Ireland: AN-Post •
Israel: Israel Postal Authority • Italy: Poste
Italiane • Japan: Postal Savings Bureau •
Latvia: Latvia Post • Luxembourg: P & T •
Morocco: Barid Al Maghrib • Netherlands:
ING Bank N.V./Postbank N.V. • Norway: Den
norske Bank • Portugal: CTT Correios •
Romania: Banc Post and Posta Romana •
Slovakia: Postova Banka • Slovenia: Postna
banka Slovenije d.d. • Spain: BBVA and
Correos y Telégrafos • Sweden: Postgirot
Bank • Switzerland: Swiss Post Postfinance •
Tunisia: La Poste • Turkey: General
Directorate of Post • United Kingdom:
Girobank PLC • USA: Deutsche Bank •
Yugoslavia: Postal Savings Bank of Yugoslavia.

The Eurogiro network continues to expand

The summer vacation period is just about to come to an end in Europe, but looking back it can be concluded that – in spite of a very warm summer – the vacation period did not remarkably slow down the business activities within the Eurogiro co-operation.

Hosted by Danske Bank, the General User Group Meeting was held in late May in Copenhagen, and also this year a New Members' Seminar was held in this connection. These recurrent events must be considered successful and you can read more about the content and the outcome for the participants in this issue of the Eurogiro Newsletter.

In Deutsche Postbank a lot of activities are ongoing to expand the corporate customer business – and with great success.

In Israel the Israeli Postal Authority continues its programme of corridor marketing activities, meeting their customers in the field and successfully expanding their business.

In the Eurogiro Sales and Marketing team and the IT Department we have spent some time during the summer on the new Eurogiro WEB site, and in addition a new version of an electronic verifying tool is now ready to be released.

Finally I would like to draw your attention to the fact that, with the signing of the agreement with the Brazilian post, a new continent has been added to the network – opening new business opportunities for the Eurogiro members. We extend a sincere welcome to Empresa Brasileira de Correios e Telégrafos.

These – amongst other topics – are dealt with in this Newsletter, and I wish those of you who have now returned from vacation a very warm welcome back, and wish you all an enjoyable read.



*Søren Rose
Editor-in-Chief and
Deputy Managing
Director*

C O M M E N T A R Y

▶ saw the new regulation securing similar pricing of domestic and international EURO payment within the EU as a necessity for a well functioned internal market. Ms. Schwiemann also mentioned that further initiatives could be expected from the European Commission to secure a well functioned payment market.

The dinners hosted by Danske Bank and Eurogiro Network A/S gave an opportunity for informal exchanges. We saw examples of singing from countries such as Japan, Israel, Ireland, Hungary, Canada and France.

Overall the meeting must be considered a success, especially as many of the business

discussions are likely to lead to new growth. The meeting received an overall rating of 4.5 on a scale from 1-5.

Thank you to our host – Danske Bank – for an excellent opportunity to bring the Eurogiro family together to increase mutual business.



Israel Postal Authority launches a new interface for Western Union Services

■ In co-operation with the Israel Postal Authority (IPA) and Western Union, Eurogiro has developed a Host interface for Western Union transactions. The project extends the Western Union interface to the counters via the IPA Host enabling a full electronic path from the counter to the Western Union database and thereby reducing the overheads at the costumer service center (back office).

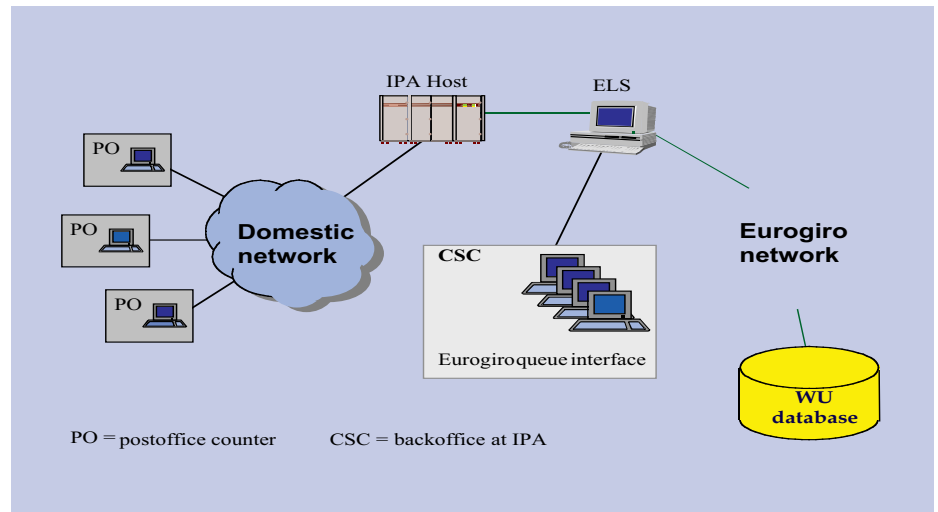
The clerk at the counter keys in the data on a screen in local language and the Hebrew character set. The transactions are sent to the IPA Host, and forwarded to the Eurogiro local system (ELS). The overall functionality of the ELS is to receive transactions from the IPA Host and, using a newly designed filter application, to either forward them to Western Union for storing, or queue them for operator assistance. After successful processing the ELS will send an money transfer control number to the IPA Host for stored transactions.

Mr. Shmuel Engelstein –Deputy Director in IPA-Banking Services says, “With this interface IPA has gained advantages over the current solution. Among these are:

- No double data entry and thereby saving resources at the CSC
- Reduced time for registering each transaction, and thereby improving service to the customer
- A sophisticated Control station for all transactions prior to their transmission to Western Union.
- Reduced network cost by sharing the communication line for both the Eurogiro and the Western Union transactions.
- All operator and transaction activities are logged in a central Activity log-file providing the supervisor with an efficient tool to monitor the activities.”

The interface for the operators at the CSC is the standard Eurogiro interface with an added functionality for the queuing of transactions received via the IPA Host.

If the transaction is queued for operator assistance the ELS will send a notification to the clerk via the IPA Host.



The figure shows the configuration set-up. The postal counters are connected to the IPA Host via the domestic network. The operators at the CSC are connected directly to the ELS.

Mr. Isaac Florentin, the manager of the CSC, explains that to handle requests from the counters the CSC operator will select the “Queue Handler” functionality. The data in the queue is listed in chronological order. Each transaction is listed with Internal ID, Type (Send Money, Quick Pay or Receive Money) Counter ID, User ID, Date and Time and Status.

When the operator has selected the “Queue Handler” he will automatically receive the next transaction to be processed based on the priority in the list. The transaction data will be presented in the standard Eurogiro – Western Union screen with the fields filled in. The operator must then fill in the missing fields to complete the transaction. When the transaction is presented to the operator he will be informed about the reason for the queuing.

Upon completion of the transaction a notification with the transaction details will be sent to the clerk via the IPA Host.

The operator can cancel a transaction if it does not meet the criteria for approval. A notification will be sent to the clerk via the IPA Host.

Along with the development of the interface we have developed additional procedures on our Host system, says Mr. Samy Attias, Senior Systems Analyst, of the IPA. To speed up the data entry the clerk needs only to key in the telephone number of the sender. If the customer has previously sent Western Union transactions his detailed data is in a database on the Host. The data is moved in to the transaction before it is forwarded to the ELS. If the detailed customer data is missing the clerk at the branch will fill in the details. The detailed information will then be stored for future transactions.

The members of the development team at Eurogiro were Mr. Uwe Holmsgaard, Mr. Lars Hagbarth Olsen from Datamann and the members of the development team at the IPA were Baruch Berkovitz, Alex Rutenberg, Udi Edry and Michael Riman.

Mr. Shmuel Engelstein would like to stress his appreciation of the co-operative efforts of the various teams which prevailed throughout the project development. This resulted in the achievement of all the objectives set out at the beginning of the project.



Shmuel Engelstein, Udi Edry, Samy Attias, Alex Rutenberg.



Cynthia Douieb, Michael Riman, Avishag Cohen, seated Keren Shachar.

New Members' Seminar, Copenhagen, May 28-29, 2002

– From a new member's perspective
by Jasminka Bosnjak, Postal Savings Bank of Yugoslavia

■ This two-day seminar proved to be a refreshing and valuable experience. Why refreshing? Unlike the usual seminar set-ups, where participants listen to presenters more or less passively, this seminar allowed the members to take active participation. That is to say, it was conceived as a series of alternating presentations, with four sessions of bilateral discussions organized amongst old and new members according to potential market opportunities.

In a less crowded atmosphere than at the General User Meetings, members were given a chance to discuss potential agreements with several other partners. For my institution, it meant avoiding the time-consuming process of setting up meetings and exchanging

correspondence as well as of harmonizing agendas between usually very busy partners. Face-to-face discussions enabled me to meet some of the partners I had never met before and to clarify some points that might normally have taken many weeks of exchanged messages. As a result, outlines or even drafts of bilateral agreements with Sweden and Switzerland were made, and discussions with Canada, Croatia and Greece initiated. The current status of those results is that Yugoslavia is about to start testing with Sweden and Canada, while bilateral agreements with Croatia, Greece and Switzerland are in the process of being signed. Also, the status of discussions with Germany was clarified and actions taken to speed up the process.

Although bilateral discussions yielded immediate results, the presentations were equally useful. Alternating with bilateral discussions, the presentations offered new members some interesting ideas on Implementation Experiences (Mr. Guy-David Schneider, La Poste, France) in terms of organization, cost, quality, and risks inherent in introducing Eurogiro transfers. Also, the

insights on How To Increase Eurogiro Traffic (Mr. Jean-Luc Demierre, Postfinance, la Poste, Switzerland) from the viewpoint of private vs. corporate customer needs, product range, and sending vs. receiving market potentials suggested actions to be taken by member institutions. As Yugoslavia should become a sending country in the near future, both presentations gave good pointers to what needs to be done beforehand as well as once the outbound traffic has started. Mr. Uwe Holmsgaard, Eurogiro, in Optimizing the System Set-Up, reminded the members of some services Eurogiro offers to its members, which may help automate the entire international transfer process and increase overall quality and security of the system. Mrs. Karin Pleyer, Deutsche Postbank, Germany, shared the Coaching Experiences of her institution, emphasizing the importance of early actions to be taken by a new member and main problems encountered due to differences in organization types, products used, market needs, etc. Mr. Stefan Sjösten, Postgirot, Sweden, briefly informed the new members about the changes in Postgirot Bank since it joined the Nordea Group last December, the main focus of his presentation being the ESSP project, its status, costs and benefits, and customer services.

In addition to talks during the course of the seminar, participants were offered less formal but equally fruitful opportunities for contact during a dinner hosted by Eurogiro.



How to gain more business?

A corridor marketing case.

■ There is no official definition of corridor marketing, but...

Corridor marketing:

Marketing that targets specific nationalities who are on either side of a money transfer transaction, e.g. a Romanian in Italy sending money to a Romanian back home in Romania. A corridor marketing approach could target either the sender, the receiver or both. Marketing costs may be borne solely by the transfer provider in one country or shared between transfer providers in two different countries.

At the annual Eurogiro User Group Meeting Mr Shmuel Engelstein from IPA, Israel presented a corridor marketing case.

According to the statistics more than 18,000 Philippines live in Israel, primarily occupied within the health sector. Surely such a group of immigrants has a need for sending money

back home. IPA decided to gain this business and put forward a strategy:

- Focused marketing campaign to each segment of the market. Research the needs of each group.
- Dedicated employees to meet with members of each ethnic group in the field!
- Direct mail distribution in neighbourhoods.
- Use ethnic newspapers/ print materials in different languages.

The money was generally transferred via the banking system (SWIFT) or alternately by personal couriers who provide door-to-door service. The commercial Philippine bank – PCI Bank- together with the leading local Commercial Bank in Israel were about to enter the market on May 1999, but with Western Union IPA prepared a tailor made fast competitive product to this segment before the competitor by:

- Adapting fixed amounts (between \$300-\$1000) to become more competitive in the market.
- Printing brochures and distributing them to hospitals, personnel companies, churches and post offices.
- Sponsoring Philippine community events i.e. Independence Day celebrations, various sports tournaments and Beauty Pageant.
- Following up year round field work by meeting with community leaders to obtain the trust of the Filipino community leaders.

Within a relatively short period IPA and Western Union became the leaders in the market of private money transfers to the Philippines. Yearly transactions jumped to 93,500 in the year 2001.

IPA afterwards concluded that the strategy of working on a particular corridor is the most efficient way to start up the international money transfer business.



Deutsche Postbank expands its corporate customer business

Highest quality handling of large volume payment transactions

■ Deutsche Postbank AG is expanding its corporate customer business on a systematic basis. Postbank has become one of Germany's largest banking groups with 10,400 employees, 30 subsidiaries, total assets of EUR 140 billion and 1.5 billion transactions per year. Last year the corporate customer segment, including business customers, accounted for a quarter of Postbank's total result, contributing EUR 80 million. The Corporate lending business was a particular focus and commercial real estate loans proved to be especially successful. Postbank generated EUR 1.3 billion of new business in this segment thereby increasing its portfolio to around EUR 4.5 billion.

Postbank now looks after around 45,000 corporate customers who have access to 360 account managers at 14 regional locations. This demonstrates the importance of personal customer care at Postbank. Corporate account managers visit their customers at their premises and work with them to find individual, tailor-made solutions. To achieve this, the corporate account managers work closely with sales personnel from other Corporate Divisions of the Group. The "24 hour information channel" – a finance portal specifically for corporate customers – is also available on the Internet under www.postbank.de/firmenkunden.

Besides the potential currently available in the corporate customer segment, Stefan Jütte, member of the board of management and in charge of corporate customers, attributes the growth of the corporate customer division to the new organisational direction of the Company (including the acquisition of DSL-Bank, the new formation of subsidiaries and the purchase of PB Capital Corp. in New York) and the fact that its fields of competence have been broadened via the cross-divisional product innovation within the Deutsche Post World Net Group. All in all, a considerable strategic competitive advantage has been achieved by this new focus.

In the future Postbank intends to establish itself more firmly in the market as a real alternative to the corporate customer's main bankers and to concentrate on three main areas of expertise: to provide the highest quality handling of large volume payment transactions (practically becoming the specialist for payment transactions), to be the most competent provider of logistics-related financial services and to provide the right products to the right target groups at transparent and fair prices.

Despite the remarkable changes in the banking sector, Postbank is pursuing a different strategy to that of its competitors. It is moving closer to the customer, for example, and is concentrating on expanding its areas of expertise. As a corporate customer bank, Postbank is aiming for an above-average growth with its motto "the right solution for every business". It is building on its decades of experience in money and payment transactions for corporate customers and is systematically adding investments, loans and financial logistic solutions to its product portfolio.

Postbank benefits from synergies in the Deutsche Post World Net Group in the area of financial logistics solutions. The large joint customer base means that it can develop financial services for specific target groups and utilise the know-how of its sister companies within the Group. A successful example of this is the joint venture formed by Postbank with DHL Worldwide Express and the Fiat Group. By means of an integrated approach throughout Europe, the car company is able to optimise the supply and financing of spare parts. In concrete terms this means that the Deutsche Post subsidiaries take over the financing and logistics of Fiat's entire European car spare parts warehousing business, a division that accounts for at least EUR 2.5 billion of Fiat's annual revenues. The advantages for the Fiat Group are obvious: the company can concentrate on its core business, speed up supplies along the entire supply chain and thereby maintain its influence on the delivery of spare parts. The fact that the car manufacturer can improve its liquidity position is another bonus as Postbank can offer loans to Fiat at attractive rates.

There are other positive examples of Group synergies: Postbank has already supported several respected investors who have acquired real estate from the Deutsche Post World Net Group. Further potential synergies can be achieved when logistics centres operated by Group companies or customers of the Group are financed.

In September 2001 Postbank acquired PB Capital Corp., New York (83 employees, a portfolio of USD 3 million and more than USD 1 billion new business per year) with a view to further expanding the Deutsche Post World Net Group's presence in the logistics financing market. PB Capital Corp. has a proven know-how of structured finance and an efficient network of financial investors, advisers etc. in the USA, offering a sound

platform for US transactions. Postbank is therefore making one-stop shopping possible for its corporate customers in a much larger geographical dimension. Its presence in the USA means that it can now offer its customers in the Deutsche Post World Net Group services from a single source covering the entire length of the logistics and finance chain – from the manufacturer through to the purchaser.

This acquisition is paying off. During the months from January to September 2001, before being taken over by Postbank, the company's new business amounted to around USD 170 million, however between October and December 2001, PB Capital had already recorded new business of USD 315 million. In the first two months of 2002 PB Capital had made more lending commitments than in the first nine months of fiscal year 2001.

In August 2001, Postbank formed the commercial vehicle leasing subsidiary Postbank Leasing GmbH, as part of its strategy to offer further specialist services to corporate customers. 3,600 transport companies have already taken advantage of this service which guarantees them an improved liquidity structure, transparent costs and vehicles maintained to a technical standard. The leasing business is now to be extended to cover machinery and other moveable assets.

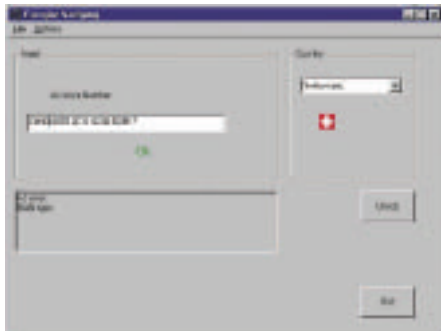
In order to focus even more on the financing requirements of corporate customers, Postbank formed another subsidiary at the beginning of 2002, Postbank Factoring GmbH. The factoring business will initially be concentrated on the domestic market with a further expansion stage, also involving the purchase of foreign receivables, planned for 2003 onwards. Factoring is a first-rate growth market that is experiencing increasing dynamics and the German factoring market has been growing on average by twelve per cent per annum since 1995. In conjunction with logistics specialists in the Deutsche Post World Net Group, PB Factoring offers complete solutions whereby, for example, the customer hands over the transport to the logistics partner, and the receivables financing, the invoicing and the collection of accounts receivable to the Postbank Group. The customer can in this way concentrate on its core business and gain more latitude in terms of its liquidity without encumbering its balance sheet and having to grant additional security.



Electronic Verifying Tool

■ Error handling in international payments is very costly. A large percentage of the errors are due to wrong interpretation of account numbers. The majority of these errors can be discovered by verification of the account number before the transactions are sent.

In August Eurogiro Network will release a new version of a tool for automatic validation of accounts. This tool enhances our services and ensures that transactions are completed in time.



Due to legislation and complexity it is not possible to register and distribute account numbers and names. The tool has therefore been designed to perform a check that the account number fits the country's specific requirements. Properties of the account number are for instance: structure, length, character sets and check digits. Some countries separate the bank account number into different parts such as bank registration code and branch code and the account number itself.

The check is based on information about Postal bank account numbers from our members and the Register of European Account Numbers 'TR 201 V 2.2.12 November 2001'.

The new release also validates the IBAN – the new International Bank Account Number.

Example of the PC interface. The user selects the country and keys in the account number in the domestic format or the IBAN.

The verification must take place as early in the processing of transactions as possible and before the transactions have been completed for transmission. This means that the tool must be implemented on the International Host systems for optimum performance. The tool is provided as a set of routines – coded in Ansi C – to be installed at the Host system.

For sporadic test of account numbers we also provide our members with a version that can be installed on a Windows PC (Windows 98, 2000, XP).

Eurogiro will continue to update the tool and provide our members with measures to ensure a high quality in the transactions exchanged. As the income for cross-border transactions is decreasing it becomes more and more important to ensure that the information in the payment is correct and sufficient to credit the beneficiary in time and to avoid expensive returns and inquiries.

Factoring: a growth business Postbank

Financing alternative gains ground in the wake of restrictive bank loan policies

■ Factoring - the sale of outstanding debts - is a form of financing that is currently experiencing steady growth. In August 2001 Postbank established Postbank Factoring GmbH to gain a foothold in this growth market. The bank is looking to offer predominately small and medium-sized enterprises an alternative to traditional financing models.

More and more businesses are using factoring as a financial service. The 16 member institutes of the German Factoring Association had total revenues of EUR29.37 billion in the financial year 2001, a 25% increase over the previous year.

The continuing growth in demand reflects increased interest on the part of companies looking for alternative financing models, which in turn is a direct result of the banking community's increasingly restrictive lending policies. Traditionally, German companies have largely financed their business activities with short-term capital credits or long-term bank loans. Today, however, these loans are harder and harder to come by, particularly for small and medium sized enterprises. The tighter credit market is due to a change in business practices by the lending institutions. The profitability of German banks is low compared to their international competitors and in many instances the lending business is not lucrative enough. Furthermore, the growing number of bankruptcies represents an added risk for the banking sector. The consequence is that banks are now shutting down the flow of credit to companies with low equity.

New credit guidelines are another reason. Known as Basle II, they require borrowers to have sufficient equity capital. Although the

guidelines are not expected to come into effect until 2006, banks are already examining credit risks more closely, meaning that companies with a default risk deemed too high will not be considered. For companies, therefore, access to alternative financing methods is becoming increasingly important and factoring offers them an opportunity to meet their liquidity requirements.

Improved balance sheets

The term factoring refers to the sale of trade receivables. The factor pays the beneficiary up to 90% of the outstanding debt up front, providing immediate liquidity. Between 10% and 15% of the outstanding debt is kept by the factor as collateral for cash discounts or notices of defect. This collateral is then credited to the customer's account when the debtor has paid, or on the due date.

There are numerous factoring options. If the sale of outstanding debts is accompanied by a drawdown of other services, it is known as full-service factoring. In this case, the factoring institution takes on not only the financing but also the full coverage of risk and accounts receivable management. If the borrower is informed about the sale of trade receivables and pays the factor directly, this is known as notification factoring. In the case of non-notification factoring the debtor is not informed about the sale.

The sold receivables are eliminated from the company's balance sheet. If the funds received from factoring are used to settle supplier liabilities, then a balance sheet contraction is carried out and the equity ratio of the company increases. In turn, this has a positive effect on a company's credit rating, thus improving its chances of receiving a bank loan.

Basle II refers to the second consultation paper of the Committee on Banking Supervision, based in Basle, Switzerland, which harmonises international banking regulations. The paper recommends new guidelines for banks' equity ratios, improved banking supervision and greater market transparency.

From the end of 2006, the equity of banks - currently fixed at 8% of the balance sheet - must be adapted to each bank's risk profile. It will then be mandatory for the banks to rate their loan customers' creditworthiness. The higher the risk of default, the better the loan must be secured against the customer's equity capital. This will not only influence banks' decisions to grant a loan, but will also determine the conditions.

As Monika Looock-Weber, Managing Director, PB Factoring GmbH says:

"Factoring is an effective means of avoiding liquidity bottlenecks. By selling liabilities a company hands over the responsibility for management of accounts receivable and is less prone to the risks of its clients' business failures. Due to the immediate availability of liquidity, a company can reduce its own liabilities and credit lines are thereby freed up for other financing needs.

In addition to the approximately 50,000 SMEs that are already Postbank customers, the business strategy of PB Factoring GmbH is geared toward the logistics customers of Deutsche Post World Net. We offer factoring products designed especially for them.

In Germany, only about 1% of the gross domestic product is financed through factoring. The European average is already around 4%, which means we have some catching up to do. We would like to support the customers of Deutsche Post World Net in their efforts to secure liquidity by providing them with a real alternative to the classic bank loan."



Eurogiro status for 1st half of 2002

The first half of 2002 has shown continued strong development in Eurogiro.

We have been happy to welcome Brazil Post, China Post, National Bank of Canada, Sampo Bank/Estonia, Magyar Post (Hungary) and Latvia Post as new members of Eurogiro.

Eurogiro are preparing to launch new products such as EUROCRED and a semi-urgent cash product (Tele-Money Order). Furthermore we are in the final stage of discussions with Federal Reserve in the US for a transatlantic gateway between the US and Europe. If the final go ahead is given, pilot production is expected to start by 2nd Quarter 2003.

The growth in Eurogiro is still good, although at a slightly slower pace than in recent years. The general slow down in the economy is the most important factor.

Among the most important new developments is the new regulation for

cross border payments, which will mean that domestic and cross border EURO payments will be charged similar fees within the EU. This will put great pressure on the banking sector in general and on the Eurogiro members within the EU in particular.

This challenge as well as the general increased competition in the payment market has led Eurogiro to initiate a strategy process. The aim is to find ways to further develop solutions to provide some of the most efficient payment solutions to the market.

The many new initiatives in Eurogiro and the cost efficient platform for Eurogiro payments give Eurogiro a great deal of optimism for the future.

Focus on the Eurogiro Urgent Transfer

Sender decides how urgent: from one to three days. Receiving bank always credits on value day. Eurogiro Urgent transfer is flexible enough to enable your bank to tailor your offer to the needs of specific clients.

Primary Product Features

- Sending bank can guarantee time span from customer to customer and decides speed.
Receiving bank credits on the value day specified by sending bank
- Transfer in sender's, receiver's or third country's currency
- Full Price Transparency: based on traditional low cost pricing of postbanks, and in accordance with severest legal requirements
- Very high security due to postbank dedication to payment handling and high degree of automation, re-enforced by use of a high quality financial network
- A variety of ways to deliver payment instructions and receive account information, depending on the local arrangements

Eurogiro Member Benefits

- Sending bank can offer very urgent payment. If cut-off times of receiving bank so permits even same day payments
- Multilateral standard agreement, for easy implementation of agreements and new services
- Day to day settling of accounts improves cash management
- Automated distribution and tracking of transactions mean cut in production costs and faster handling of inquiries
- Regular monitoring of Eurogiro quality: STR and commitment of the agreed time scales
- Access to advanced network distribution technology, with interfaces for several levels of automated production: any set-up from large host systems to stand-alone PC's for direct keying-in at the Eurogiro Local System (ELS) is supported by Eurogiro Network A/S
- Eurogiro standards nearly identical with the prevailing SWIFT standard for easy and cost-effective entry into the traditional banking world

Protect Your Business from Money Laundering Risk

Learn what you need to know to protect your Western Union business – and your reputation – from the risk associated with money laundering. Plan now to attend the fourth annual Western Union compliance conference, "Compliance and You: Partners for Progressive Change." This important conference will be held in New York from September 18 to 20, 2002.

Who should attend:

Compliance, audit, security, and legal professionals as well as business leaders.

Why you should attend:

Western Union compliance training is the best available, because it is tailored to your specific needs and provides practical tips and current information reflecting new laws and regulations. You will have the opportunity to interact with Western Union experts, regulators and law enforcement agencies through interactive workshops and panel discussions.

What you'll learn: Topics range from sub-agent selection and due diligence to filing a suspicious activity report.

Translation capabilities:

French and Spanish interpreters will be available.

For more information, please contact your Regional Compliance Officer:

WESTERN UNION ||

Europe, Middle East and Africa:

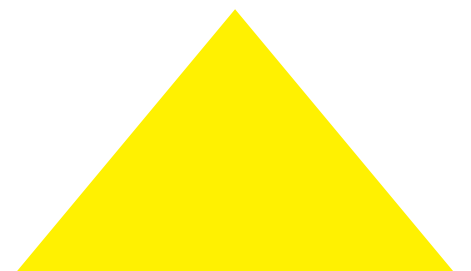
Susana de Lima, 32-2-639-7205

Latin America and the Caribbean:

Gabriela Morales, 506-204-4071

Asia Pacific:

Yennie Halim, 612-9226-9184



The Eurogiro website – a New image

For quite some time the Eurogiro PR & Marketing Group has been working on a new and more refreshing image for our website. This task has now been completed and the official introduction date is 1 September 2002.

You will still be able to find the same information as previously, but some alterations to the functionalities have been made with the purpose of making the site even more informative and useful and of making navigation more simple.

Key information to be found
www.eurogiro.com

The Eurogiro Intranet:

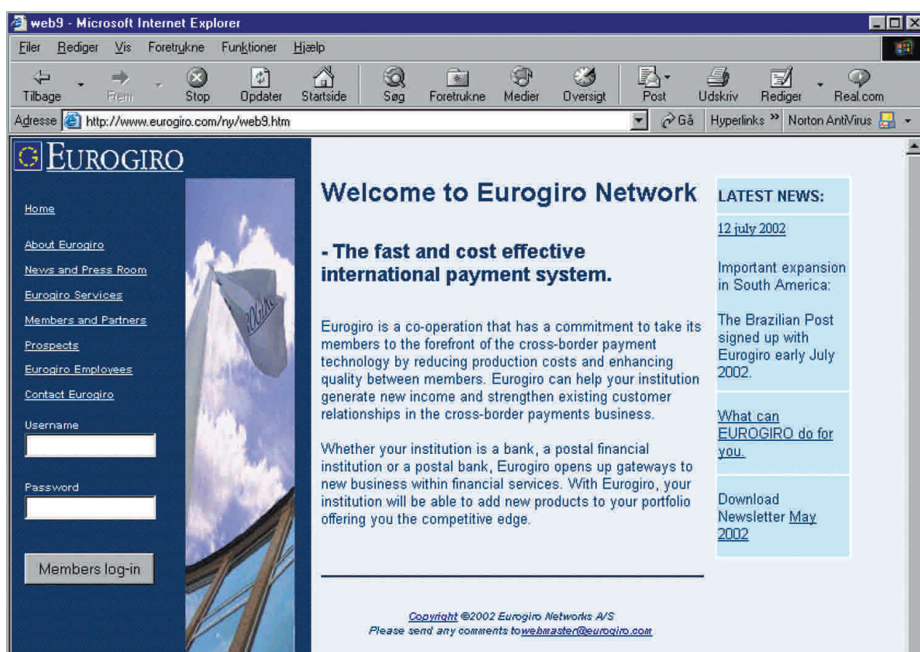
- Eurogiro documentation incl. traffic statistics and photo gallery

- Links to the members
- Eurogiro activity list
- News incl. the electronic version of our newsletter
- Contact details

On the Internet a new chapter on our services and benefits for members has been included to give prospective members and new employees within our member organisations an insight into Eurogiro.

We hope that you all consider the new website image an improvement. We will now concentrate our efforts on further improving the functionalities and the content of the website.

You can apply for a Eurogiro intranet password by contacting us at +45 4371 2772 or by e-mail: eurogiro@eurogiro.com.



Eurogiro Activity Calendar Autumn 2002

2-3 September

ELS training, system management, Copenhagen

4-6 September

ELS training, application, Copenhagen

19-20 September

Security Seminar, Copenhagen

30 September - 4 October

SIBOS, Geneva

8-10 October

Post-Expo 2002, Köln

31 October - 1 November

Boardmeeting, Stockholm

28-29 November

Central and Eastern European Seminar, Vienna

The fully accountable low cost, cross border money transfer service



Subjects covered in the next issue:

- ◆ Report from ELS training
- ◆ Report from security seminar
- ◆ Report from Board meeting
- ◆ Interview with the Chairman of the Eurogiro Board

Please forward ideas, comments, articles etc. to:

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Carl Gustavs Gade 3, 1. tv
DK-2630 Taastrup
Denmark
Att.: Pernille Juhl
e-mail: pernille@eurogiro.com

Central and Eastern Europe Seminar in Vienna

PSK/BAWAG and Eurogiro Network are presently planning a seminar for Eurogiro members and prospective members from the Central and Eastern European region. The seminar will be held on 28 and 29 November 2002 in Vienna. More detailed information and invitations will soon be forwarded to relevant participants.