

## Easy start-up for new Eurogiro members

**Eurogiro introduces default set-up for receipt of payments denominated in EUR by 1 July 2005.**



*Annelise Lysdal, Director,  
Products and Quality*

The often costly and time-consuming work of establishing bilateral agreements with other Eurogiro partners before payments can be exchanged will now be something of the past.

Based upon an idea stemming from a series of Advisory Group Meetings, the Eurogiro Board of Directors agreed during their meeting on 29 April 2005 to introduce a default set-up for receipt of payments denominated in EUR. This means that all members of Eurogiro with effect from 1 July 2005 must publish a default price for receipt of payments in EUR, subject to supporting receipt of EUR-payments and being live on the EUR Settlement Solution provided by Deutsche Postbank (ESSP).

Information on the default price for all members supporting EUR-payments will be made available from 1 July 2005 on the Eurogiro web-site: [www.eurogiro.com](http://www.eurogiro.com), after signing on to the members' section.

For all members – current and future – this means that only an agreement with Deutsche Postbank for the ESSP service is required for sending and receiving EUR-payments. However, it is still recommended that proper testing is performed prior to exchange of high volumes. Additionally the Operational Perfor-

mance Group (OPG) recommends that members notify the receiving partner before the first transaction is sent – even for low volumes – to avoid any inexpediency in the processing of the payments. It is still anticipated that members will prefer to establish bilateral agreements for high transaction volumes.

“The default price regime, in conjunction with the information provided in the Eurogiro Information Handbook, will ease the start-up for new members joining the Eurogiro co-operation, as well as easing the exchange of payments between members in general”, says Annelise Lysdal, Director, Products and Quality.



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

Eurogiro News is published quarterly by:

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Printed by: Schultz Grafisk

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Final editing: May 2005  
ISSN: 1727-7450

Subjects to be covered in the next issue:

- ◆ Eurogiro Network at SIBOS
- ◆ Eurogiro Alliances
- ◆ General User Group Meeting
- ◆ Technical User Group Meeting
- ◆ Asia Pacific Workshop

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## Networking opportunities at forums, workshops and meetings

**Current and future members of our network have more and more opportunities to meet with each other and Eurogiro and a new default set-up for receipt of Euro payments has made it easier to start-up with transactions in Eurogiro.**

■ In this issue you will find a section focusing on the Strategic Postal Forum held in the Netherlands on 28 April 2005. The 90 high level delegates had a good networking opportunity and could get inspiration and food for thought from the presentations.

Eurogiro will facilitate more networking opportunities: The next will occur during the General Eurogiro User Group Meeting in Lisbon 1 – 3 June. A month later Eurogiro hosts a workshop in Bangkok 6 – 7 July, where Asian Pacific Postal administrations are invited to participate in discussions on Eurogiro connection opportunities. Furthermore, banks from all over the world will have the opportunity to meet Eurogiro, CrossPay and a number of members at the SWIFT meeting; SIBOS 2005 in Copenhagen 5 – 9 September.

The new default set-up for receipt of Euro denominated payments was one of the important points approved at the Board Meeting held on 29 April. This default set-up will ease the often costly and time-consuming work of establishing bilateral agreements with other members of the network.

In this issue you will also find articles from our members and partners, and finally the TMO test start-up between Eurogiro members and users of the Universal Postal Union IFS network will be mentioned.

I hope you will find the above articles interesting and relevant and wish you an enjoyable read.



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

C O M M E N T A R Y

# Cheque issuance made easy – for Eurogiro members

**Today's declining cheque transaction volumes and increasing item processing costs present a convincing argument for reviewing cheque issuance processes. There has never been a better time to outsource this service. With Deutsche Bank's cheque outsourcing solution – db-cheque – now available to Eurogiro members, you can immediately streamline the process and benefit from cost savings.**



*Robert Keller, Senior Product Manager, European Cheque Services, Deutsche Bank Global Transaction Banking, Cash Management*

■ Imagine this scenario: “I need to send a cheque to Spain,” says your customer at the counter. The wheels are set in motion to issue a bank draft, as the most appropriate instrument for a cross-border cheque payment. You debit the customer for the cheque amount and complete the cheque form for international payments, which requires dual control. Subsequently, the cheque is completed and has to be signed by two authorised signatories, which can take time. Finally the cheque is handed over to the waiting customer - maybe the same day, or perhaps the next, depending on the steps required and the availability of authorised signatories.

It comes as little surprise, then, to realise that the process of issuing a bank draft is time-consuming and cost-intensive. Even when your customer has the cheque, the end may not yet be in sight. The cheque is mailed to Spain and, for your customer at least, the cycle is seemingly over. Some days later, however, the beneficiary receives the cheque and after depositing it at his bank, is advised that this cheque does not comply with the local Spanish cheque format. Hence, the item will not clear automatically. The beneficiary then learns that the manual clearing fees for cross-border cheques are very expensive. From everyone's perspective – your customers, the banks involved, and the beneficiary – this is a less than satisfactory situation.

So, what improvements can be made which will benefit all parties?

## Bank Cheque Issuance at a glance

In the current business environment, creating cost savings is essential. Therefore, outsourcing the bank cheque issuance process is a viable alternative, given the following aspects of this service:

- it is a typical bank service;
- however, it is not typically a strategic bank service;
- there will still be a need to issue bank cheques, even with declining cheque volumes;
- it is a costly and time-consuming process.

The decision to implement the outsourcing solution is made easier if only non-strategic business is affected. Not only does outsourcing deliver cost advantages but it also provides information transparency and increased process quality.

## All-encompassing outsourcing

An outsourcing solution that promises to deliver a new level of quality must identify weak links in the chain. In the scenario above, the weak link is on the beneficiary's side. If the cheque format is not compatible with local Spanish clearing systems, the item needs to be processed manually with higher cross-border clearing charges. To rectify this, the cheque needs to be drawn on a local bank. To support automated electronic clearing in the local systems, it is a prerequisite that the cheque is printed in the local format with the appropriate encoding. Thus, the beneficiary will receive a cheque that conforms to local standards. Furthermore, the end-to-end procedure is expedited, as the cheque is sent directly from the cheque issuer to the beneficiary, rather than via the customer. Time is saved and essential information, such as invoice numbers, is readily available on the remittance advice.

Deutsche Bank's industry-leading cheque service, db-cheque, leverages the bank's global network to provide a cheque issuance outsourcing solution that incorporates local

clearing in 57 different countries. In addition, more than 20 local cheque formats are supported to ensure that they are cleared through the local electronic clearing systems, without manual intervention.

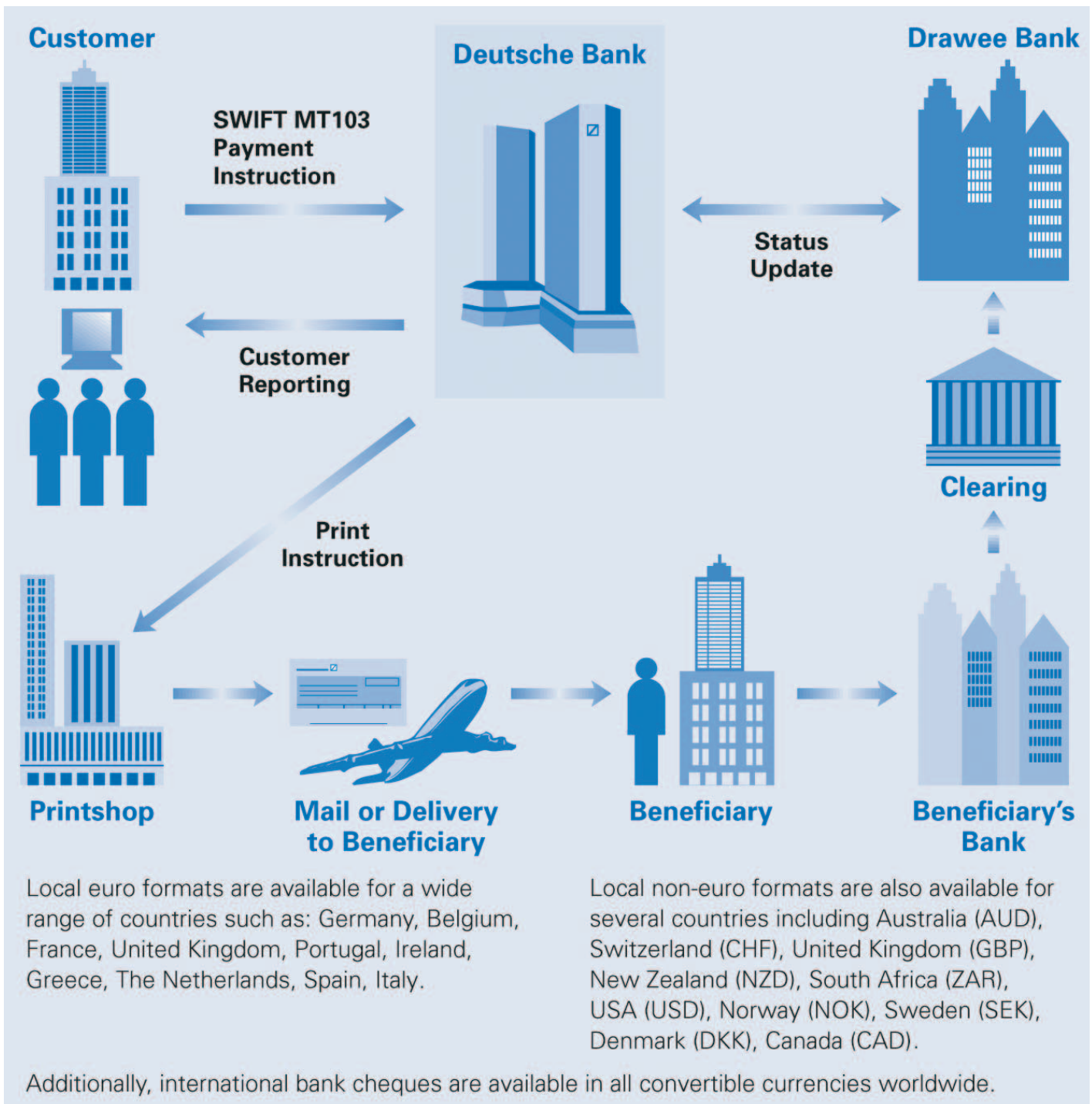
## What impact does outsourcing of Bank Cheque Issuance have on your customers?

Deutsche Bank provides cheque remittance advices that can be fully customised, incorporating your company logo and other details, as agreed upon implementing the service. Consequently, there is no noticeable impact to your customers. Importantly, with db-cheque you maintain full control of the process. Information spanning the complete life cycle of the cheque is available in an electronic format that can easily be downloaded into your existing ERP or other systems. The entire cycle is automated for you so that you can readily, and efficiently, trace presented cheques and advise your customers, when needed.

To make the process hassle-free, db-cheque employs straightforward SWIFT MT103-like instructions via the Eurogiro payment network. In your payment instruction message, you may select whether the bank draft shall be handled charge-wise as a “Bene-deduct” or “OUR” payment and how the item is to be dispatched - by standard or registered mail, or by courier service.

# Deutsche Bank





## Outlook

The trend away from cheque payments towards electronic payments will, and must, continue. It is unlikely, though, that cheques will disappear entirely as they will remain the accepted instrument for certain types of payment. However, with dwindling volumes, it will be evident that resources allocated to effecting and managing cheque payments will be better employed elsewhere in Eurogiro members' organisations.

Taking a short cut and outsourcing the fulfilment of the complex end-to-end requirements of a complete cheque solution to a sophisticated print shop would be counter-productive. Only banks with a global infrastructure, geographic reach and the required platforms have the ability to integrate one of the last labour-intensive payment types into their product

range. And here's where the additional benefits lie. The cheque, a payment method that usually requires multiple steps before it can be dispatched, turns out to be just about as simple as any other electronic payment –

when it's outsourced. Provide the Bank with the data, and let your partner do the rest. The original "make or buy" decision turns out to be a "make it better" conclusion.

**For further information, please visit  
[www.db.com/gcm](http://www.db.com/gcm) or send an email to  
[gcm.marketing@db.com](mailto:gcm.marketing@db.com)**



# Strategic Postal Forum



## Eurogiro Board and Strategic Postal Forum

The Eurogiro Strategic Postal Forum and Board meeting on 28-29th April were excellently hosted by ING Bank in Scheveningen near The Hague, Netherlands.



*Henrik Parl, Managing Director, Eurogiro Network A/S*

■ The Strategic Postal Forum on 28<sup>th</sup> April featured interesting presentations and, not least, a very inspiring panel debate between Mr. Priesemann/European Central Bank, Mr. Dayan/Universal Postal Union, Dr. Tacke/STEAG AG and Mr. Bucher/Swiss PostFinance. The meeting was facilitated by the Deputy Chairman of Eurogiro, Mr. Berensmann, and also featured a presentation from the Chairman of Eurogiro, Mr. Kruidenier and from Ms. Huynh-Segni, World Bank, Mr. Boon, ING Bank and Mr. Parl, Eurogiro. The 90 participants gave very positive feedback on the event which was rounded off by a visit to Madurodam, a miniature city, and by a dinner hosted by ING Bank and Eurogiro.

The Eurogiro Board meeting highlighted the good progress in the Eurogiro co-operation providing growth in both members and in transaction volumes. The main decision item was the approval by the Board to implement a default set-up for receipt of Euro payments. This means that all members after 1st July will be able to send Euro payments based on default terms to all members supporting these payments without bilateral agreements. This should make it easier for new members to capture the benefits of the Eurogiro co-operation and will hopefully boost volumes.

The Board meeting also gave renewed commitment from major countries to the implementation of the Tele Money Order (TMO). It is the intention in most shareholder countries that the 2-day TMO shall replace the existing Money Order product."



*Eurogiro Board Meeting 29 April 2005 in Scheveningen*

## The strategy behind Eurogiro and the postal world



*"Eurogiro has demonstrated capability in uniting networks and in including postal networks. The Postal Strategic Forum held in The Hague was a good platform for further progress", said the Chairman of the Eurogiro Board, Hendrik Kruidenier, ING Postbank, the Netherlands.*

■ "Eurogiro has a long history of bringing postal and banking business together and is set to seize the opportunity provided by the growing global remittance market" says the Chairman of the Eurogiro Board, Hendrik Kruidenier, from ING Postbank, the Netherlands. There are many sound reasons for Eurogiro to focussing on an even closer

co-operation with postal organisations. Eurogiro has gained its place in the European arena as a facilitator of cross border payments by linking networks, and in particular by uniting the dual networks of the postal and the banking payment circuits. This was mainly done by building on traditional postal products such as credit transfers and money

orders and applying the principles of simplicity, flexibility and cost efficiency to all stages of the operation. Today, many Eurogiro members are postal organisations, most have their roots in postal financial services and nearly all have strong market positions in the cash payment business. Together the Eurogiro members run an unmatched branch network. Additionally, Eurogiro and UPU have recently invested in the building of a modern remittance product to take the money order one step further towards a global low-cost, secure, and efficient cash service. As Hendrik Kruidenier puts it, "It is alarming that in most developing countries postal networks capture less than 1% of the market in migrant remittances, while the postal domestic networks are densest in the areas where the recipients are to be found. Eurogiro's ambition is to play a role in changing this".

### **Hendrik Kruidenier on ING engagement in Eurogiro**

Despite ING Postbank's postal roots, ING of today - a top player in the global financial market - is far from being a traditional postal organization. Hendrik Kruidenier explains the role of ING in Eurogiro in this way: "ING has evolved as a prominent provider of expertise to foreign postal operators, postal banks and governments to assist the modernization of postal financial services. ING sees these initiatives as appropriate and innovative and as a practical translation of 'investing in development'. ING is keen to see the Eurogiro activities translate into truly global initiatives."



*Strategic Postal Forum 28 April 2005 in Scheveningen near The Hague, Netherlands*



*Mr Priesemann, ECB, stressed the determination of the European Commission and ECB to integrate the payment markets, in terms of products and payment handlers. The providers of postal financial services in Europe may well find themselves included in this framework.*

### **ECB on European retail market for the future**

ECB strongly supports the call for a change of thinking within the European financial sector. Mr Priesemann, from the Payment

Systems Policy Division in ECB, spoke concisely to the Eurogiro Strategic Forum in The Hague on a divided and heterogeneous payment market in the EU by almost any measure, and on mounting pressure to develop a

single payments market for EUR. The EU Commission was determined to see a single payments market by 2010 at the latest and was prepared to take whatever steps were required. In the view of ECB, banks and domestic payment handlers all are within scope, and the ECB would like to see the providers of postal financial services in EU included as well. Furthermore, the market was also seeing new innovative payment providers evolving, for instance in e-payments and mobile payments, taking advantage of new technical opportunities, and of the cost pressures on traditional payment handling. The regulators welcomed these as contributions to a more competitive environment. ECB was closely following the development within SEPA and the EPC, and not least the efforts to develop new standards and new pan-European payment products. It would be vital that EPC succeeded in bringing, for instance, the new Credeuro, the Direct Debit and the Prieuro to the market early in 2008. As Mr Priesemann put it "all payment instruments – credit transfers, direct debits and cards – should become pan-European, not only cross border".



*"One of the main objectives for the UPU is to develop financial services - and to make them available to everyone" said Mr. Edouard Dayan, Director General of the International Bureau of the UPU.*

### **UPU's vision for the future of Postal Services**

Mr. Dayan provided valuable information on the UPU and its mission to create an integrated worldwide network - a mission based upon decisions by the 23rd congress in Bucharest, September/October 2004. Mr. Dayan invited the UPU member countries to offer their clients access to all the financial services and to make better use of the vast postal distribution network. Migrating paper-based services into electronically based services will create viable, simple and cost-effective solutions and meet the customers' needs. The partnership with Eurogiro on the Tele Money Order (TMO) is seen as an asset for developing the worldwide network, and the objective is to boost traffic and revenues, enable secure payments and to combat money laundering.

The link enabling exchange of TMOs will open in 2005. Testing between UPU IFS users and Eurogiro members is ongoing.



*"If you want a presence - create a private company to become dynamic and to get access to the capital market", said Dr. Alfred Tacke, Chief Executive Officer and Chairman of the Management Board in STEAG AG.*

### **Development of Deutsche Postbank - successful transition from a Postal Ministry to privatization**

How to develop a successful postbank? "It is all about people." One of the key messages given by Dr. Tacke. He stressed the importance of bringing the right people aboard the management team - both in terms of talent and willingness to reject the status quo and create a shared vision. He also referred to the possibility of reducing the number of employees to ensure efficiency. Something which can be done in a private company. And privatisation was the other key message for developing a successful postbank. Only then will companies be able to attract talent and new markets requiring private structures. Other important factors included a strong brand, a large network and a comprehensive offering of financial services.

In the case of Deutsche Postbank it took 14 years for the company to be privatised - a long process, and it was advised to take each step in the process seriously.



*"My presentation will give you an example on how a state owned organisation can develop financial services and become one of the leading retail financial institutions in its market" said Mr. Jürg Bucher, CEO, PostFinance, Swiss Post.*

## **The Swiss financial services market and the transition process of PostFinance, Swiss Post**

"It is very important to have a vision and to focus on your core strengths" said Mr. Bucher

during his presentation on how PostFinance, Swiss Post, developed from a postal organisation to a retail financial institution. Building on the postal organisation's core strengths - the domestic and international payments - and in addition co-operating with

other players in the financial market, this enables the Post to offer Investment planning and Savings and Financing products which are necessary to meet the customers' demands for a wider and flexible product range, low prices and professional consulting. Also the customers' demands for a multi-channel offer, e.g. counters, e-banking and phone-banking should be met. It will all support the Post's demand for doing profitable business, developing payment clients to retail customers, keeping profitable customers and enable it to win new profitable customers.

"Some of the important success factors are employees, cost efficiency, strong financial brand and autonomy within Swiss Post Group" said Mr. Bucher and concluded his presentation with the key message "Payment services and postal outlets are important - Retail financial services in a multichannel system are essential".



*Ms Huynh-Segni of the World Bank spoke on the importance of remittances and the interest of the World Bank to forge new private-public sector partnerships to bring about cost efficient solutions.*

## **Remittances as means to reduce poverty**

The World Bank has a keen eye for the potential of remittances to reduce poverty in developing countries and is devoting resources to deepen knowledge and develop sustainable solutions. Remittances make up more than 40% of foreign investments in certain countries and even a small decline in transaction costs would save substantial resources. The World Bank recognises that the extensive network of the posts gives the posts an advantage, but according to the World Bank the posts seem to have lost their 'prime position' in this market. According to Ms Huynh-Segni, World Bank group, "the domestic and sub-regional markets may be a better option to gain a competitive edge within the dense postal network". However, the World Bank is set to promote performance based management, if feasible, in private-public sector partnerships, and the posts could also play a role in this set-up.



*"Financial services can trigger the development of post offices, starting with the introduction of basic financial services that can earn back the initial investments", said Mr Boon, Vice President in ING/Postbank.*

## **Remittances as trigger for postal financial services development**

Mr Boon gave an introduction to the market of remittances and described it as fast growing and fragmented. More than 30% of the remittances are going through informal channels and the other 70% are being sent by many different providers. In terms of competition most are local. Only a few, but successful global providers exist. Unfortunately the role of the post offices has declined in spite of its dense network.

Mr Boon challenged the listeners and suggested a joint global postal effort. He encouraged the posts and other involved parties to set up a task force to define a global remittances strategy to connect postal networks as open platforms to payments and financial services and to make an action plan.

# In a tough market, Deutsche Postbank is striving for cost leadership

Deutsche Postbank is on a record-breaking course.



Deutsche Postbank is celebrating a record total in its customer base. At the end of 2004, Deutsche Post World Net's bank broke through the barrier of 12 million private customers. It is Germany's biggest retail bank in terms of customers. Postbank also achieved record earnings. Profit before taxes rose 25.6 percent to EUR 624 million in 2004, and net profit rose to EUR 420 million. At its first financial press conference since the bank's successful listing, Postbank head, Wulf von Schimmelmann, reported in Frankfurt that the bank remained on its growth path and stressed: "We have defended our position in a difficult environment. For us as a listed company, one point was particularly important: we delivered what we promised."

Postbank's strategy is paying off. The bank is focusing on the retail business with largely standardised, customer-targeted products. It boasts a broad sales network and, as a result, has achieved broad access to customers: Deutsche Post has approximately 9,000 retail outlets, and these constitute Postbank's most important sales channel, offering banking products. They represent the biggest bank branch network in Germany. Banking transactions can be conducted around the clock and from anywhere, either by telephone or via the Internet. Postbank's telephone banking offer now covers about 2.9 million accounts, and Postbank is the market leader in the electronic banking segment, with 1.9 million online banking customers. In addition, building and private loans are brokered via third-party sales forces. The mobile investment advisers of Postbank Vermögensberatung, meanwhile, offer individual private banking services for high-potential private customers.

According to 'Kundenmonitor Deutschland 2004' ('Customer Monitor Germany 2004'), Postbank's customers are among the most satisfied bank customers in Germany. With a global satisfaction score of 2.30 points,

Postbank exceeds the sector's average. Only Sparda banks (1.83 points) and Citibank (2.22 points) earned better customer satisfaction ratings. Customers rate the bank more highly than its competitors, particularly with regard to the price-performance ratio. Customers also award the bank better scores in terms of the accuracy of transaction settlement, and appreciate the bank's online and telephone banking services. Customers also praised Postbank's product line-up and conditions.

## Favorable price-performance ratio

"We're currently experiencing a renaissance in retail banking. Hardly a day passes without a competitor announcing some sort of plan that signals its renewed concentration on the private customer," says von Schimmelmann, pointing to the heightened competition in this market sector. Aside from over-capacities and structural problems, the German banking market is struggling with a sustained low-interest phase and low margins. In this environment, discount providers put additional pressure on the market. "We accept this challenge. We will continue to strengthen our cost leadership," says von Schimmelmann. Postbank's attractive price position requires an even more favorable cost structure, which means that process efficiency must be constantly improved. "We will do all we can to expand our advantage even further through strict cost management and a pro-active cost culture," von Schimmelmann says.

The 'cost-income ratio', which is the relation of expenses to earnings, improved to 70.8 percent from 76.1 percent in 2004 and is to be lowered further as a result of a strict cost-consciousness in all areas and at all levels. Postbank is sticking to its goal of reaching a return on equity before taxes of 15 percent and of bringing the cost-income ratio in the classic banking business below 65 percent by 2006. The bank aims to get markedly closer to these goals in 2005.

Production is a key factor in cost leadership. Postbank boasts one of the most modern IT platforms in the world, which was developed jointly with SAP. Von Schimmelmann also noted that Postbank's new business field, transaction banking, had got off to a good start. Aside from its own processes, the bank also effortlessly assumed responsibility for the handling of payment transactions on behalf of two clients, Deutsche Bank and Dresdner Bank. "We're confident that we can win another large customer in 2005 and thus strengthen our market position," von Schimmelmann says.

## Summary: International real estate financing

Postbank takes a selective and risk-oriented approach to the corporate lending business with a focus on commercial real estate financing in Germany. Internationally, the bank concentrates on the western European real estate business – for example in France, Spain, Sweden and the UK – with a total volume of EUR 1.7 billion at the end of 2004. Following the takeover of London's ING-BHF branch, Postbank now covers the important British market, in particular the greater London area. PB Capital in New York primarily focuses on construction and corporate financing with a credit volume of US\$ 2.6 billion at the end of 2004. The bank's construction financing activities concentrate on office property and the housing market as well as shopping malls in the major cities on the U.S. East and West coast. Postbank Leasing remained stable in 2004. PB Factoring was able to more than double the volume of purchased receivables compared with the previous year.

## Western Union and the Ivorian Post Office: working together as a team for success

Western Union formed a strategic relationship with the Ivorian Post Office in 2003, primarily to offer the residents important access to money transfer systems within the country's Postal system. Since its inception, the relationship has flourished and expanded, with both parties working together as a successful team and responding to customer expectations via a dedicated programme known as the 'Booster' programme.



### A strong network

■ Often the success of a company can be measured by its growth in a defined period of time. As one of the Western Union agents in the Ivory Coast, Ivorian Post Office has experienced this kind of growth, with the number of Western Union Agent locations increasing from 25 to 90 over the last two years despite political instability. Clearly the relationship has proved both important and popular, which has been instrumental in the decision being made to continue the expansion of the network to, potentially, 193 agent locations. Mr Zehi, Managing Director of the Ivorian Post Office, commented that, 'We are planning to establish a dedicated counter for Western Union activity in all our post office locations which will give people wider access to an important and much-needed service.'

### Ingredients for success

Western Union and the Ivorian Post Office have worked as a team to drive their new business initiatives to successful ends. One strategy that has demonstrated this is the 'Booster' programme which involves the commitment of both parties to develop the location network and provide Western Union services across the Ivorian Post Office portfolio. In addition Western Union and the Ivorian Post Office work together on service improvement and incentive programmes.

Guillaume Dewael, Western Union Country Manager for the Ivory Coast, states 'When I introduced the project to Mr Zehi, he immediately supported it and put in all the resources and time necessary to implement the programme in his organisation.' As a result of the success of the 'Booster' concept, Western Union is looking forward to implementing similar programmes with other postal organisations in Africa.

### Structure and Strategy

Western Union and the Ivorian Post Office have worked hard to ensure that a structure has been set up to guarantee excellent service in all the agent locations. First, several locations were equipped with computers which actively decrease the waiting time for customers using the money transfer service. Mr Ismahil Diaby, Western Union Marketing Specialist for West Africa confirms, 'The computers have undoubtedly increased productivity. We have found that a greater number of customers are able to use the service everyday in a quick and efficient way.'

Part of the strategy for success was the recent establishment of a Customer Service Centre. The fully operational centre has three fully trained members of staff to deal with any problems that may arise, to monitor activity and to help to maintain Western Union quality standards in all agent locations.

Western Union and the Ivorian Post Office realise that the money transfer service has been an important addition to the communities in which they operate, allowing people to send and receive money in a fast, reliable and convenient way. For this reason, the Western Union Money Transfer service is promoted both inside and outside the agent locations: 115 illuminated signs were installed in 58 cities in less than two months.

### Widely recognised success

At the Western Union Agent Conference held in Marrakech in March 2005, the strong relationship between Western Union and the Ivorian Post Office was officially recognised as a success. Western Union representatives from Africa, Middle East, Pakistan and Afghanistan all gathered to watch Mr Jean Catcha-Picard, representative for the Ivorian Post Office, receive 'The Western Union Award for the best network improvement during 2004'.



# New IT strategy

**With the development of the new ELS application Eurogiro is moving all its applications to follow the same standard, thus providing 3 connection options.**

■ Building on the success of the development of the TMO server and the ESM software, Eurogiro has decided to use the same standard for the new ELS application. The applications have a number of functionalities in common, such as user administration, envelope handling, message type definitions and security. By choosing the same partner for our main applications we receive a spin-off from the other applications as well as a greater degree of flexibility for future developments.

The new ELS is being developed based on the same functionality as the existing application and with key features such as browser-based user interface, no requirement for licensed software, less dependency of the operating system, and support of multiple platforms.

With the new ELS Eurogiro can offer our members 3 options for the connection:

1. The "standard" turn-key platform where Eurogiro has the total responsibility for the delivery, installation and configuration.
2. The "Select" where the member chooses the hardware platform and installs the ELS application itself.



3. The "SECUG" where the member is connected via SWIFTNet and the ESM application from Eurogiro.

The ELS is a valuable alternative to the SECUG solution and the only solution for many of the existing members and prospective members. A number of Eurogiro members are hesitant to move to the SECUG solution because they will lose the value added features of the ELS such as manual input, automatic generation of settlement statements and reconciliation. As the ELS and the ESM are developed following the same standard it has been decided to integrate some of the

ELS functionalities in the ESM, thereby making the SECUG solution more attractive.

The new ELS application is expected to be released for production in October 2005 and the members will have a period of 9 months to upgrade from the old ELS to the new ELS or alternatively move to the SECUG solution. The integration of ELS functionality in the ESM is scheduled for Q1 2006.

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|--------------|--|
| <b>ELS</b>   | : The computer system and application for direct connection to Eurogiro.                   |
| <b>ESM</b>   | : Eurogiro software for the SECUG connection.  |
| <b>SECUG</b> | : SWIFT - Eurogiro Closed User Group on SWIFTNet.  |
| <b>TMO</b>   | : Tele Money Order, a 2-day money order replacing the paper-based telegraphic money order. |

## Supported platforms:

### Standard

HP Alpha, True64 UNIX

### Select

IBM AIX  
Sun Solaris  
Windows 2000 / 2003

## TMO, the modernised postal money order soon goes live

**Representatives of four countries met in Berne to discuss testing issues of the TMO.**

■ The new Tele Money Order (TMO) jointly developed by Eurogiro and the Universal Postal Union (UPU) is ready to be tested by two pilot countries from each network. The technical link between Eurogiro network and the IFS network of the Universal Postal Union was finalised, operational and tested with great success by early April, and pilot countries are now ready to test the link from user to user. The Portuguese Post and Latvian Post will be testing with the Russian Post and

the Ukrainian Post. On 13 May UPU facilitated a workshop for the four pilots to encounter any foreseeable test issues.

More Eurogiro countries are expected to implement the TMO service during 2005 – 2007: Austria, Brazil, Cape Verde, Croatia, Czech Republic, Germany, Hungary, Israel, Italy, Japan, Morocco, Romania, Senegal, Serbia & Montenegro, Switzerland, Togo, Tunisia and Turkey.

For the first time ever it is now possible to send a payment between the Eurogiro and UPU networks, thereby extending the reach for all parties. The link is developed exclusively for the TMO cash service, which is a 2-day cash product, and none of the other Eurogiro products, such as account transfers, can be exchanged with the UPU/IFS members.

# Eurogiro connection workshop in Bangkok

Asian Pacific postal administrations explore the different options for connecting to Eurogiro at the Eurogiro workshop on 6 - 7 July 2005.



The remittances market is continuously expanding and the current members of Eurogiro have an increased need for partners in the Asia Pacific market. Therefore experienced Eurogiro members are supporting Eurogiro in hosting a workshop in Bangkok in order to discuss the benefits and value propositions of a Eurogiro membership with

new potential members in the region. The Asian Pacific postal administrations attending will be able to obtain a detailed overview of the various ways of connecting to Eurogiro and the different cross-border products that they will be able to offer their customers once connected to the Eurogiro network. Eurogiro, and a number of our members, will go through the cost effective operational procedures of sending/receiving bulked payments, settlement issues and implementation steps of the system solution. Presentations will also be made on the value added service that can be obtained through our members and the alliance partners of Eurogiro.

The two-day seminar will take place on 6 - 7 July at the hotel Grand Hyatt Erawan Bangkok in Thailand. We are looking forward to welcoming interested participants to the workshop and an invitation, including registration form, can be obtained by contacting Kai Thygesen at [kai@eurogiro.com](mailto:kai@eurogiro.com), or by fax +45 4371 2662.



## Activity Calendar 2005

### 1 - 3 June 2005

General User Group Meeting, Lisbon

### 9 - 10 June 2005

Technical User Group Meeting, Malmö

### 6 - 7 July 2005

Asia Pacific Workshop, Bangkok

### 5 - 9 September 2005

SIBOS, Copenhagen  
Meet Eurogiro on exhibition stand C347

### 3 - 4 November 2005

Eurogiro Board Meeting, Chester

The Eurogiro network is an international electronic payment network and is the only electronic cross-border payment system which covers both postal and bank products.

Eurogiro has 43 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 12 European members.

#### Eurogiro Member institutions:

Afghanistan: Afghanistan International Bank  
• Austria: PSK/BAWAG • Belgium: Financial Post • Bosnia & Herzegovina: Nova Banka • Brazil: Empresa Brasileira de Correios e Telégrafos • Canada: National Bank of Canada • Cape Verde: Correios de Cabo Verde • China: China Post • Croatia: Hrvatska Posta • Czech Republic: CSOB a.s. • Denmark: Sydbank A/S • Egypt: Commercial International Bank (Egypt) S.A.E • France: La Poste • Germany: Deutsche Postbank AG • Greece: EFG Eurobank Ergasias and Hellenic Post • Hungary: Magyar Posta • Iceland: Iceland Post • Ireland: An Post • Israel: Israel Postal Authority • Italy: Poste Italiane • Japan: Japan Post, Postal Savings Business Headquarters • Latvia: Latvia Post • Luxembourg: P & T • Morocco: Barid Al Maghrib • Netherlands: ING Bank N.V./Postbank N.V. • Poland: ING Bank Slaski • Portugal: CTT Correios • Romania: Banc Post and Posta Romana • Senegal: La poste • Slovakia: Postova Banka • Slovenia: Postna banka Slovenije d.d. • Spain: BBVA and Correos y Telégrafos • Switzerland: Swiss Post Postfinance • Togo: Societe des Postes du Togo • Tunisia: La Poste • Turkey: General Directorate of Post • United Kingdom: Alliance & Leicester Commercial Bank Plc. and Visa • USA: Deutsche Bank • Serbia & Montenegro: Postal Savings Bank.

#### Connected via CrossPay:

Italy: Banca Popolare di Sondrio.