

Eurogiro News

THE INTERNATIONAL ELECTRONIC PAYMENT CO-OPERATION



Japan Post Bank is on track to expand its international remittance services

Eurogiro member since 1994



*Mr. Nobuhiro Fukuoka, General Manager
Transaction Settlement Dept., Japan Post Bank*

On 1st October, 2007 Japan Post was privatized and the following companies were set up to replace the existing structure: Japan Post Bank, Japan Post Insurance, Japan Post Service, and Japan Post Network, which are all part of Japan Post Holdings. The Japanese Government holds all stock in Japan Post Holdings at this time. The government intends to gradually reduce its stock holdings of Japan Post Bank and Japan Post Insurance with the full privatization of these two companies scheduled for 2017 at the latest.

Japan Post Bank (JPB) has taken over the financial services of Japan Post, with 11,400 employees, 233 of its own branches and 26,000 ATMs. Also 24,000 post offices serve as agencies for Japan Post Bank. With 200 trillion yen in assets JPB has become the bank with the largest amount of assets worldwide. JPB aims to establish a reputation for accessibility and

reliability by providing products and services that match the needs of each individual customer, regardless of region and age group. This is one of the key differences between JPB and other banks which tend to focus their business aspirations on cities and larger towns.

We joined Eurogiro in 1994 and commenced services with some European countries, and since then have been expanding the number of countries to which remittances can be made utilizing the Eurogiro system in not only Europe but also in Asia, the Americas and Africa. We accept international remittances to 91 countries and regions at 233 of our own branches and 7,500 post offices. In FY2006, 419,000 outgoing remittances were made with a total amount of 121.2 billion yen, and 76,000 incoming remittances were made with a total amount of 4.6 billion yen. With a view to improving service quality and security, we intend to place priority on expanding the "Remittance to bank accounts by Eurogiro". From January 4th 2008 we have added 41 countries to the existing 24 countries and regions to which our customers can make remittances to bank accounts. Our intention is to increase the number of such countries by using Eurogiro as a gateway to the borderless financial network, linking not only existing Eurogiro member institutions, but also thousands of financial institutions throughout the world using the SWIFT network.



Contents | February 2008

- 1 Japan Post Bank is on track to expand its international remittance services
- 3 Focus on the opportunity in non-SEPA cross border traffic
Asian Pacific Postal Union's (APPU) Financial Services Working Group session
- 4 Presentation by Croatian Post Inc.
- 5 Eurogiro Cash International® – a suitable remittance product
- 6 USD settlement service will run at least to 2011
Payments Asia Summit in Singapore between 29 and 31 January
- 7 Be ready for SwiftNet Exceptions and Investigations
- 8 Focus on security in Eurogiro
Single point EUR settlement services prolonged for 3 years



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

Eurogiro News is published quarterly by:
Eurogiro Network A/S
Telegade 1, 1.
DK - 2630 Taastrup
Denmark
Tel.: +45 43 71 27 72
Fax: +45 43 71 26 62
e-mail: eurogiro@eurogiro.com
www.eurogiro.com

Editor-in-Chief: Søren Rose

Subscription enquiries:
Editor: Hanne S. Basset
Tel.: +45 43 31 12 51
e-mail: hanne.basset@eurogiro.com

No part of this publication may be photocopied or otherwise reproduced without the written consent of Eurogiro Network A/S.

Although Eurogiro Network A/S has made every effort to ensure the accuracy of this publication, neither it nor any contributor can accept any legal responsibility whatsoever for consequences that may arise from errors or omissions or any opinions or advice given.

Final editing: February 2008
ISSN: 1727-7450

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 59 connections in 48 countries.

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 shareholders.

Commentary

Inter-operability in the Remittances market – a focus area in 2008 for Eurogiro

- One of the major objectives of Eurogiro in the coming years is to ensure global coverage for Eurogiro customers and inter-operability, with a specific focus on remittance services.

There is a need for international co-operation for a business framework, together with a need for technical and financial settlement solutions in order to repair the Inter-operability disconnect. Eurogiro, together with five Eurogiro customers, learned this when participating in the Asian Pacific Postal Union's (APPU) Financial Services Working Group session in New Delhi (India). It was also obvious that support from the APPU member countries, along with other organisations, is required in order to expand international remittance business.

For Eurogiro this is essential and a great opportunity to expand the utilization of our network solutions and to assist in creating the required inter-operability for the remittance market and its players in the coming years.

One of the key products to be utilized in the remittance market is the Eurogiro Cash International® (ECI) – our 2-day cash product. Today seven countries are live with the ECI: Bulgaria, Cape Verde, Germany, Hungary, Latvia, Mongolia and Portugal, and Eurogiro expects that an additional 20-25 more Eurogiro customers will become live on ECI during 2008.



*Søren Rose, Editor-in-Chief
and CEO Eurogiro A/S*

In this issue some of the countries going live these days, and countries that are already live, share their views on implementation experiences recognising all the business possibilities that the ECI can offer.

We hope you will find this issue interesting and wish you an enjoyable read!

Eurogiro Member institutions:

Albania: Posta Shqiptare sh.a • Armenia: HayPost • Australia: ANZ Banking Group • Austria: BAWAG P.S.K. • Belgium: Financial Post • Bosnia & Herzegovina: Nova Banka • Brazil: Empresa Brasileira de Correios e Telégrafos • Bulgaria: Finance Engineering JSC and Bulgarian Posts • Canada: National Bank of Canada and Canada Post • Cape Verde: Correios De Capo Verde • China: China Post • Croatia: Croatian Post • Czech Republic: CSOB a.s. • Denmark: Sydbank A/S • Egypt: Commercial International Bank (Egypt) S.A.E. • France: La Banque Postale • Germany: Deutsche Postbank • Greece: Hellenic Post and EFG Eurobank Ergasias • Hungary: Magyar Posta • Ireland: An Post • Israel: Israel Postal Company Ltd • Italy: Poste Italiane and Banca Popolare di Sondrio • Japan: Japan Post Bank Co. Ltd. • Latvia: Latvia Post • Luxembourg: EPT Luxembourg • Madagascar: Paositra Malagasy • Mongolia: XacBank • Morocco: Banque Centrale Populaire and La Poste - Barid Al Maghrib • Netherlands: ING / Postbank • New Zealand: ANZ National Bank • Philippines: Philippine Postal Corporation • Poland: ING Bank Slaski and Polish Post • Portugal: CTT Correios de Portugal • Romania: Posta Romana and Banc Post • Senegal: Postefinances • Serbia: Postal Savings Bank • Slovakia: Postova Banka • Slovenia: Postna Banka Slovenije • South Korea: Korea Post • Spain: BBVA and Correos y Telégrafos • Switzerland: PostFinance - Swiss Post • Thailand: Thailand Post • Togo: Societe des Postes du Togo • Tunisia: La Poste • Turkey: PTT General Directorate of Posts • United Kingdom: Alliance & Leicester Commercial Bank plc, Citibank N.A. and Visa Europe • USA: Deutsche Bank and American Express Bank



Focus on the opportunity in non-SEPA cross border traffic

Eurogiro attractive to all banks

With the SEPA launch event on 28 January well passed, and also with Eurogiro stepping into the ranks of SEPA Clearing and Settlement Mechanisms, CSMs, Eurogiro now offers full functionality for SEPA Credit Transfers, offering SEPA reach directly via our customers and indirectly via service providers. The new, much more open Eurogiro company structure also ensures that the governance structure is aligned to the requirements of CSMs.

However, for Eurogiro's customers, the most interesting opportunities lie in what will happen in non-SEPA cross border traffic. What will happen to the smaller volumes of SEPA to

non-SEPA transactions once SEPA is fully implemented? Eurogiro is stepping up its activities to make itself attractive to all banks and other payment institutions wanting connectivity into or out of SEPA - whilst continuing its efforts to expand its reach around the globe.

The companies of the Eurogiro Group are eager to move on to provide efficient solutions for its customers in the SEPA to non-SEPA space. We will keep you informed on our progress through this quarterly magazine.

Mr. Tjeerd Fienstra,
CEO Eurogiro Holding A/S



Asian Pacific Postal Union's (APPU) Financial Services Working Group session

Postal networks are under-utilized and have enormous potential to serve the Asian populations, for instance with remittances. The session pointed out ways forward

International remittances, as a growing revenue opportunity for postal organisations, was the key focus of the presentations at the APPU (Asia Pacific Postal Union) Financial Services Working Group meeting held in New Delhi, India, in November 2007. Korea Post coordinated this half-day session, attended by more than 50 participants.

Mr TS Sinha, Course Director at APPU, presented a regional study of financial services offered by posts that demonstrated that, whilst there was diversity in the legal framework across countries, almost all of the posts offered financial services. Almost all posts offered some form of international remittances, with fewer than half of the respondents offering postal savings and insurance.

The Eurogiro representative for Asia Pacific, Juanita Woodward, explained Eurogiro's interoperability - a "big word" that demonstrates Eurogiro's ability to bring together a community of posts, banks and other financial service providers across many countries, providing "one system" where members have the flexibility and control to create a suite of relevant international remittance products for their locals markets.

Today Eurogiro has members in 9 Asian countries with plans to expand the number of Asian postal organisations and banks that participate in the Eurogiro network.

Eurogiro members take lead

Five Eurogiro member organisations made presentations that demonstrated both the products and the financial success of exchanging payments within the Eurogiro community.

Japan Post Bank noted speedier remittances, technology-enabling ease of use, and high security, as well as opportunities for business growth as the prime benefits from Eurogiro. Korea Post cited daily USD financial settlement and improved FX management as a means to better liquidity management. Thai Post explained the value of the Eurogiro community in expanding business, especially in Europe, as well as the opportunity of providing a range of payment services such as bulk payment services.

Deutsche Bank, Eurogiro's partner as the USD Settlement Service Provider, explained the benefits of daily financial settlement amongst the Eurogiro members globally, along with success stories working with China Post and Japan Post Bank. Citibank, a relatively new

member of the Eurogiro community, explained its partnership approach with postal agencies by leveraging core competencies in the remittance value chain.

Postal infrastructure underutilized

The conclusions presented in Mr Sinha's APPU study captured many of the main points heard throughout the working group presentations. Today, the international postal money order process for financial settlement, including FX, is slow and more costly than using other channels. Whilst postal organisations represent one of the largest in-country distribution networks, these networks are under-utilized in many Asia Pacific countries due to a lack of investment in technology. The transaction volume for international remittances is extremely low through postal organisations, and the link with banks is under-utilized, leaving most postal organisations to operate and exchange payments in an "isolated" community.

APPU study shows next steps

The APPU study recommended a number of key "next steps" to progress the opportunity for Posts to increase financial services, products and revenue, whilst at the same time considering





Ms Jin Hee Choi from Korea Post

the social responsibility role that Posts can play through financial inclusion for migrant workers and their families. Postal organisations have the opportunity to provide a low cost, easily accessible, and reliable formal international remittance channel for the growing market of migrant workers who need to remit funds home.

Posts benefit from links with banks

In order to achieve these advancements, the study recommended that post offices should seek legislation, if not already in place, to hold foreign currency accounts such as USD, participate in the FX market, and allow outward remittances. Whilst almost

all Posts offered some form of international remittances, the study cited the need to expand the range of products in terms of speed, method of payment and price. Linking with banks for international remittances through a common network was seen as one of the best means of maximising potential services and revenue. The study revealed that most Posts did not understand the complexities of FX rates and methods used to get the best rates. A paper on best practices for international remittances, as well as FX, was seen as an important future initiative.

The APPU study concluded that support from the APPU member countries, UPU, and all stakeholders of APPU in the form of financial and technical contribution is required to expand international remittance business. Eurogiro looks forward to supporting these key initiatives as Asia Pacific postal organisations seek to expand their international remittance business services.

Presentation by Croatian Post Inc.

Eurogiro member since the year 2000

Since 1999, after the separation of HPT (Croatian Post and Telecommunications) into two entities, Croatian Post Inc. became an independent company in full (100%) state ownership. The Republic of Croatia, often called "a country of a thousand islands", is situated on the eastern coast of the Adriatic Sea, covers a territory of 56.538 km² and has more than 4.500.000 inhabitants. Since the Croatian Post is fully owned by the state, our obligation is to be widely available to the users in all parts of the Republic of Croatia, which is a requirement that is fulfilled by the Croatian Post with its network of 1.158 post offices and about 12.000 employees i.e. one post office per 48,8 km² and 3.920 inhabitants.

Croatian Post Inc. is a public postal operator in the entire territory of the Republic of Croatia, offering the following services:

- postal services – letter-mail items (letters, postcards, printed matter), parcels, EMS, special and additional services related to the aforementioned services etc.

- financial services – money orders, cash payments, money transactions for business banks, money exchange, utility payments (gas, water, electricity etc.)
- telegrams, telephone boxes, faxes,
- other services – forwarding agent services, retail business etc.

In 2000 Croatian Post signed an agreement with Eurogiro, followed by 21 Agreements on money order exchange with different postal administrations or banks - members of Eurogiro.

This method of performing money transactions is considerably faster than the traditional way of sending money orders and thus much more satisfactory to our clients. In the same year Croatian Post signed an Agreement with Western Union and is now performing Western Union transactions using the Eurogiro system. A very good co-operation with the Western Union representatives of the Adriatic Region has resulted in a considerable increase in WU transactions from year to year.

The introduction of a new financial service - Eurogiro Cash International (ECI) is in its final stage. The forms to send and receive money, price lists, instructions on which way the money orders are going to be sent and received, as well as marketing activities, have been prepared and agreed. The ELS v2 testing is in progress and it is anticipated that by the end of January 2008 all preparations will be finalised, whereupon we shall be able to agree the ECI money order exchange with interested partners. In all uncertainties concerning the ECI product the assistance of Eurogiro representatives either through direct oral communication or through organizing workshops on the topic has been of great value.



Eurogiro Cash International® – a suitable remittance product

2008 will be the year of ECI Expansion with intercontinental corridors opening up such as from Portugal to Brazil and from the European countries to Sri Lanka, Mongolia and Thailand. Furthermore several of the Central and Eastern European countries will start-up in the beginning of 2008 thereby adding to the growing number of ECI payment corridors

ECI starts in Brazil

The implementation of the ECI in Brazil is the continuity of Empresa Brasileira de Correios e Telégrafos – ECT's work on Eurogiro business. In ECT all the 6,000 post offices are connected to the host system in order to make available the facility to send or receive transactions electronically throughout the country.

Taking advantage of this connectivity, ECT and CTT of Portugal have negotiated a partnership to increase Eurogiro business between these organisations. This partnership makes it possible to send the ECI transactions to Brazil by ECT, even without the complete ECI developments, and, since it started on November 1st 2007, the number of transactions received in Brazil has increased by around 30%.

Recognising all the possibilities that the ECI can offer, ECT embarked upon the necessary developments to implement ECI within the first quarter of 2008 and have plans to negotiate ECI agreements with other Eurogiro partners and also extend its network to the UPU/IFS countries using the Eurogiro – UPU/IFS gateway.

By Flávia Lúcia Xavier Almeida, Project Manager, Brazilian Enterprise of Post and Telegraphs



Cape Verde live since 2005 on the ECI

Correios de Cabo Verde (Cape Verde Postal Services) has been a member of Eurogiro since 2000. Since then, the problem of modernising the Postal Service's financial system in terms of money transfer was resolved. We have since signed agreements with Portugal, Switzerland and Luxemburg.

When Eurogiro submitted the proposal of ECI – Eurogiro Cash International, (formerly TMO – Tele Money Order), the Correios de Cabo Verde immediately recognised the significant advantages. The deadline of a maximum of 2 days to make the

payment was the ideal solution for our customers. We believe the ECI to be extremely advantageous as it combines both a competitive price and a payment deadline in one product.

ECI is the solution for countries such as Cabo Verde, Portugal, Brazil, Senegal, etc., as well as for transfers between the European Union and South American countries. Besides Portugal, with whom the TMO usage agreement, (now called ECI) was signed at the end of 2005 and which has been working very well - the Correios de Cabo Verde has also signed contracts with Deutsche Postbank AG, Brazil and BAWAG P.S.K. of Austria. We have currently started the money transfer process, via the Eurogiro Standard System, with the Postal Services of Spain and we are convinced that we will very soon adopt the ECI system for this corridor too.

The major goal of Correios de Cabo Verde is to explore the potential and advantages of the Eurogiro System and present our clients with the best possible integral solution.

By Mário Luis Mendes Moreira, Executive Director, Correios de Cabo Verde/ Cape Verde Postal Services



Eurogiro Electronic Money Transfer service by Thailand Post

Thailand Post has currently exchanged its paper-based international money order service with 22 contracting countries on the basis of the UPU Postal Payment Services and bilateral agreement. The aim of this service is to facilitate a convenient inbound and outbound international remittance service.

In September 2005 Thailand Post entered into an agreement with Eurogiro to launch the service via the Eurogiro system, equipped with highly advanced technology and IT security. This would stimulate the development of an efficient and accessible international remittance service through postal channels, leading to a more reliable,

speedy service, as well as achieving a competitive advantage.

To date, we have exchanged the service with Japan, Switzerland and the Philippines Post via the Eurogiro network. Meanwhile, we have steadily attempted to enhance the Eurogiro standard system in co-operation with Eurogiro IT experts, particularly focussing on the installation of the ECI system and the upgrade of software ELS V.2.1.20. In this respect, may we extend our sincerest thanks to the Eurogiro teams for their kind co-operation, and especially to the IT team in this kind cooperation. We anticipate that this co-operation will assist us in expanding the service in the near future with other Eurogiro member countries in which the ECI system has already been installed.

In addition, we strongly believe that the technical development of the Eurogiro system will, significantly, bring a modernised service in response to dynamic worldwide customer demands, and ensure continued growth in the international remittance service in Thailand.

By Ms. Sriprapa Yimsmith, Vice President of Finance and Retail Market Department, Thailand Post Co., Ltd.



As the remittances market is growing worldwide, it is important to implement and support new products like the ECI, which will replace the traditional money order in the future.

By Monika Vagnières, Crossborder Payments & Relations, Swiss Post, PostFinance





USD settlement service will run at least to 2011

The trial period assigned for the first term of the single point of USD settlement service is over and the service will be continued to late 2011.

There was full support from the users of the single point of USD Settlement service, provided by Deutsche Bank to the Eurogiro community, to prolong the service. A group of settlement specialists in Eurogiro performed a review of the performance

provided in the first year of the service, and after very satisfactory results, the group and Eurogiro agreed to continue for another 4 years. Eurogiro has great ambitions with this service and its ability to be a backbone in the expansion into Asia. A single point

of settlement service is an excellent cost-cutting tool for Eurogiro customers and a unique service in the remittance business. Especially postal organisations may benefit from the efficiency of banking settlement, while maintaining control of cash flows.

Payments Asia Summit in Singapore between 29 and 31 January

While Europe witnessed the launch of SEPA (Single European Payments Area), payment industry leaders convened in Singapore to look at the future of payments for Asia. Eurogiro was a sponsor at the recent Payments Asia Summit, and reports on some of the key payment trends and developments in Asia

The world has been watching the adoption of the Euro since 1999. However, regulators, consultants and bankers at this conference viewed the adoption of a single currency in Asia as still many years away. All attendees did agree that the Asian payments industry is growing rapidly, fuelled by the growth in business trade with Asia, as well as remittances by migrant workers.

Key global trends in Asia

Anna Yip, Associate Principal at McKinsey & Company, presented key global payment trends impacting Asia – the continuous move from paper to electronic payments, increased card usage, and the growth in “alternative” payment methods with new players in the internet space and growth in mobile banking.

Global remittances, migrant workers sending money back home, was a key focus at the conference. While the origin of remittances is primarily from the G8 countries and the Middle East, Asia is the largest receiver of remittances. William Liew, Director, Asia Payment Products at Citibank, estimated that the remittance flow into Asia exceeds US \$90 billion. A UN study cites India, China and the Philippines as 3 of the top 5 global “receiving remittances” countries.

General principles for International Remittance services

Marc Hollanders, Special Advisor on Financial Stability and Market Infrastructure, at Bank for International Settlements (BIS) made a well-received presentation on the General Principles for International Remittance Services. A copy of this report can be downloaded from the BIS website - www.bis.org.

The BIS General Principles included the need for the remittance services market to be transparent and have adequate consumer protection, as well as improve the efficiency of the payments system infrastructure. Support by a sound, predictable, non-discriminatory and proportionate legal and regulatory framework in relevant jurisdictions is recommended, along with appropriate governance and risk management practices.

Co-competition is needed

The BIS General Principle recommendation to foster competitive market conditions in the area of remittance services was a popular theme at the conference. Soren Rose, CEO, Eurogiro A/S echoed this principal in his presentation with the term “co-competition”, and Mr Liew of Citi referred to the concept as “coop-etition”

and explained the need to create a remittance ecosystem by building alliances.

Eurogiro views co-competition as a critical need in the global payments industry. No single organisation can cover the first, intermediary and last mile for payments.

With co-competition, organisations can work together at the infrastructure level while still competing for the customer. Eurogiro’s business and IT framework uniquely brings together postal organisations, banks and other financial services to catalyse business relationships for payments exchange.

As payment industry players in Asia look for a shared network solution for cross-border low value payments, Eurogiro’s co-competition model demonstrates the advantage of the scale, cost and operating efficiency that can be achieved.

Be ready for SwiftNet Exceptions and Investigations

See how National Bank of Canada improved its operational effectiveness and efficiency level

At the National Bank of Canada's (NBC) Payment Center Department, an average of 2 to 5% of payments resulted in an investigation. Case resolution used to lead to numerous telephone calls, faxes and SWIFTNet FIN messages with the financial institutions involved. The investigations were, for the most part, labour intensive and time consuming. We searched the marketplace for a case management tool that would improve the effectiveness and efficiency levels of our investigations. This tool would need to track all case history details, enable audit controls and most importantly eliminate paper. Due to the lack of an affordable application of this type in the industry for small to medium size banks, we decided to team up with Expertus to meet our business challenges.

Business challenges

- Normalize data flows
- Automate the business process
- Improve effectiveness and efficiency
- Support Audits and Controls
- Centralize operations
- Operate a Paperless environment

NBC was already committed to the New SwiftNet Exceptions and Investigations service. The experience acquired during the SwiftNet E&I pilot combined with the knowledge of Expertus in SwiftNet solutions resulted in a great success. Expertus implemented a new module into their existing Monetis Global Payment Solutions (MGPS) to manage any type of exceptions and investigations inquiries that could occur in a payments process. Supported by our business expertise, Expertus developed an easy to use and easy to integrate solution, centralizing our operations, automating laborious task and in line with our vision of a paperless environment. As SwiftNet XML messages gain in popularity, other benefits will be reaped, including the automation of most popular payment inquiries, a reduction of the overall turnaround time

of the investigations and the extension of the solutions to other services such as ACH payments, securities and trade services.

Application Overview

It was important for us to have an application capable of handling both FIN and XML messages. At the time of deployment, SWIFTNet FIN traffic still represents the bulk of the communications involved in resolving cases. Having both formats allows a smooth transition period while our correspondents migrate to SWIFTNet E&I XML messages. It is expected that E&I FIN messages will no longer be supported on the SWIFT network by the end of 2011.

On our new system, investigation messages (XML and FIN) are automatically routed to new or opened cases, and are automatically assigned to an operator. They can also be reassigned to provide efficient workload distribution. Messages that cannot be assigned to existing cases are placed in a queue that the operators check to manually complete the match or to create a new case.

Another focus was to provide a user-friendly graphical interface. The learning curve was short and required minimal training. The main dashboard provides an overall view of all active cases and messages. Cases that need immediate attention or action are clearly shown on the dashboard. To reduce human errors, message creation is assisted by helpful 'pickers', 'suggestion lists' and are validated online. The application enables the 'four-eyes' approval principle for predetermined messages. For management, statistical reports provide all statistics on cases and messages at any specific point in time. Also, the application facilitates auditing functions by journalizing all event types and by providing search screens.

By implementing the Expertus solution, our goals were achieved in a short period of time. The centralization of the operations and the complete case history management had a direct impact on our customer services. The statistical report and the search engine also help management on quality control and

workload. Another key benefit is the support for both XML and FIN messages. Operations were a lot less impacted by those changes since the bulk of our communications is in FIN format messages. We are now a leader in SwiftNet Exceptions and Investigations. We are looking forward to increase the number our SwiftNet counterparties to further enhance standardization and automation of our investigations.

For further information please contact us eni@bnc.ca.

About Expertus

Expertus is a SWIFT Service and Solution Partner. It assists financial institutions and corporations to collaborate in real-time payments and cash management. Expertus has developed the Monetis Global Payment Solution™, based on the latest technologies (including J2EE and XML). Its release 3.0 has been accredited the 2007 SWIFT Ready Gold Exceptions and Investigations label. For more information, contact: eni@expertus.ca

SWIFT announced phase-out of FIN messages for exception handling by 2011.

In SWIFT community, these messages are only used for a fraction of exception handling messages.

Eurogiro has long record of using standard FIN messages for exception handling, and is considering how to benefit from the SWIFT policy.





Focus on security in Eurogiro

Successful Security Seminar in Athens

The Eurogiro Audit and Security Group (EASG) was responsible for maintaining the security policies and promoting security awareness. Recently the group has increased its focus on business continuity, Anti Money Laundering (AML) and on Anti Terrorist Funding (ATF).

The EASG held a security seminar in Athens on 23 November 2007 for the Security Officers, Internal Auditors and Site Co-ordinators. Its purpose was to promote security activities in Eurogiro and make the participants more familiar with the AML and ATF compliance rules, as well as the Eurogiro Information Security Policy and the annual Certificate of Compliance and Self Assessment. The Self Assessment Form is the document upon which organisations assess their compliance with, and the effectiveness of, security policies and procedures. When signing the Certificate of Compliance, the senior management of the customer engages its responsibility based on the Self Assessment Form completed by the auditors.

The Seminar was a mixture of presentations and workshops. The workshop in AML/ATF and Know Your Customer (KYC) was very popular. All prospective customers must be screened for KYC compliance before they can be accepted by Eurogiro. In 2008 existing customers may also be compliance screened in relation to KYC to ensure that the Eurogiro Group, and thus Board members and shareholders, are reasonably protected against reputation risks incurred by the regime

employed for adherence to AML/ATF and other KYC related matters.

Also, the issues relating to contingency (Business continuity) were well received. Contingency planning is a very important matter for the Eurogiro community as, within a network, all partners rely on the availability of each other to ensure correct end-to-end transaction handling for their customers. Businesses are not only vulnerable to the impact of fatal events (i.e. earthquakes, floods and aeroplane crashes) but also minor business disruptions which are much more probable (i.e. power cuts, system failures and human error).

Since the beginning of 2008 the EASG has been split into 2 groups: the Eurogiro Security Group which is responsible for the Information Security within Eurogiro, and the Eurogiro Compliance Group which is responsible for AML and ATF activities.

Rational for AML / ATF framework

- Supranational initiatives & framework
 - Basel Committee, Wolfsberg Group
 - Financial Action Task Force (FATF/GAFI)
 - Directives EU,...
- National regulatory environment
 - Legislation EU & OECD members & others
 - Regulatory bodies
- Eurogiro Board decision
- Corporate Governance

Single point EUR settlement services prolonged for 3 years

A settlement specialist group in Eurogiro has decided for prolongation of the current single point EUR Settlement Service provided by Deutsche Postbank

After the overwhelming satisfaction expressed by the users of the service, it was an obvious opportunity for Eurogiro to agree with the EUR Settlement Service Provider – ESSP – to continue the cooperation for another three year term. The current service will run until 2011 with similar attractive conditions as offered today. The single point of settlement of one of

the most important currencies in Eurogiro has provided most of the Eurogiro customers with significant cost efficiencies especially in cash management. Not least the postal organisations in Eurogiro are benefiting from a settlement set-up that is unprecedented in the postal environment, and reduces the risks of settlement and eases the administrative burdens.

Activity Calendar Spring 2008

16 – 18 April 2008

2nd Annual Payment China 2008 in Beijing, China; meet the Eurogiro representative in Asia

22 – 24 April 2008

International Payments Summit 2008 in London, United Kingdom; hear Eurogiro speak on remittances

19 – 21 May 2008

Eurogiro Technical User Group Meeting in Brussels, Belgium

10 – 12 June 2008

Eurogiro General Customer Meeting in Paris, France

Subjects to be covered in the next issue:

- New Eurogiro members
- The Eurogiro Holding Chairman on new Eurogiro

Please forward ideas, comments, articles etc. to:

Eurogiro Network A/S
Telegade 1, 1.
DK-2630 Taastrup
Denmark
Att.: Hanne S. Basset
e-mail: hanne.basset@eurogiro.com

