

Eurogiro News

your global payments community

October 2018 - Issue 79

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Welcome! Joining forces: Inpay acquires Eurogiro

Dear Reader,

It is my great pleasure to welcome you to the first Eurogiro News after the acquisition of Eurogiro by licensed FinTech company Inpay A/S.

In this issue of Eurogiro News, you will find in-depth articles on

- The new Board of Eurogiro;
- Inpay. Who is Inpay and how do they see the future after joining forces with Eurogiro;
- An immediate example of one of the benefits of close co-operation between Inpay and Eurogiro: the introduction of the Eurogiro Supermarket;
- The future of the Eurogiro Settlement Solution;
- A report on the Eurogiro Annual Conference, this year a combination of the Eurogiro Community Meeting and the Eurogiro Technical User Group, which took place on 6-8 June 2018 in Copenhagen;

- Introduction of new Eurogiro Member Mongol Post;
- The activity calendar: an overview of where to meet Eurogiro and Inpay in the coming months.

We hope you find this issue interesting and, as always, we welcome your feedback on our newsletter, e.g. comments, suggestions, or perhaps even an article on a topic you would like us to publish in one of the next issues of Eurogiro News.

If so, please contact us at eurogiro@eurogiro.com!

Many thanks,
Michel Stuijt

The 100% acquisition of Eurogiro took place mid-February of this year. The main rationale for joining forces was that this will bring continuity, stability, innovation and exciting growth opportunities to all Eurogiro members.



The new Chairman of the Board of Eurogiro and CEO of Inpay, Jacob Tackmann Thomsen receives the Eurogiro flag from Eurogiro CEO, Michel Stuijt as a token of appreciation for hosting the Eurogiro Annual Conference in Copenhagen.

Introduction to the new Board of Eurogiro

Due to the acquisition of Eurogiro by Inpay, a new Board has been formed. Eurogiro would like to extend gratitude to the outgoing Eurogiro Board. They have worked hard to make the acquisition happen. Many thanks!

The members of the new Eurogiro Board are:

- Hans Boon: Well-known international Postal and Remittances expert and advisor
- Mohit Davar: International payments expert, strategic advisor to several payment companies, non-executive director of several companies
- Alexandru Petrescu: Former Minister for the Economy of Romania, Member of the Board of Directors of C.N. "Posta Romana" S.A. (Romanian Post)
- Uwe Holmsgaard: Former director of IT and Operations of Eurogiro
- Dame Damevski: Financial and payments expert, Inpay executive
- Jacob Tackmann Thomsen: Chairman and owner of Inpay.



The new Board of Eurogiro during ECM2018. From left: Uwe Holmsgaard, Mohit Davar, Dame Damevski, Alexandru Petrescu, Hans Boon and Jacob Tackmann Thomsen

Introduction to Inpay

Empowering Eurogiro participants to join the FinTech payments landscape revolution

History

Owned and founded in 2007 by Jacob Tackmann Thomsen, Inpay A/S is a Danish FinTech company with 50+ employees located in Copenhagen, Denmark.

Real Time Compliance via individually tailored processing parameters improves our customers security

Regulation and Compliance

We are regulated in the EU by the Danish FSA, by AUSTRAC in Australia, by FINTRAC in Canada, and others, to ensure full compliance in every jurisdiction we operate in.

All payments are screened, AML checked and verified against tailored processing parameters. Our processing system

sends the payments to Inpay's network of payments providers around the world to initiate a domestic payment at the other end.

The Network

Our unique payments infrastructure delivers real-time cross-border transactions in 60+ countries on track to reach 150+ countries by 2020.

Adding now the Eurogiro network of commercial banks, post offices and MTO's to our existing payments network gives Inpay and our clients a truly global reach.

Servicing Customers

We service our customers from offices around the globe. Together we strive to make the world a little smaller and commit our values - Trust, Accountabil-

ity, Passion, Innovation and Respect into everything we do.

Empowering Banks, Postal Organizations and MTO's.

Inpay is providing its customers with the FinTech 2.0 solutions required in today's competitive market to keep their underlying clients happy and loyal.

By improving efficiency, reducing costs and creating new revenue streams our customers gain an edge over their competitors.

Connecting to Inpay

Connect to Inpay via Eurogiro, API, SWIFT, or via a customized Host to Host connection. ■



"Inpay's purpose is to connect the world, making cross-border payments as fast, easy, safe, and cost-efficient as domestic bank transfers"

Jacob Tackmann Thomsen, Founder & CEO

See a live banks' proposition using Inpay at :

<https://rakbank.ae/wps/portal/retail-banking/rak-money-transfer/inpay>

Financial Applications

Bank-branded designed FinApps give customers new FinTech front-end payment platforms to deliver new revenue streams

GLOBAL REMIT – Send Money home from Europe and the UK

Inpay offers our customers the ability to utilize Inpay's EU banking network to collect funds in EUR, GBP etc. and to offer their clients based in Europe a new faster and cheaper way to send money home.

Retail customers log on to a front-end portal and input instructions to initiate a payment from within Europe to countries outside of the EU.

Non-EU based Inpay client banks set the FX spread and the transaction fee, thus benefiting from new FX and transaction revenue streams.

See a live bank example:

<https://www.sendupt.com/en/homepage.html>

The screenshot displays the NorthernCircleBank Global Remit web interface. The main navigation bar includes 'TRANSFER', 'REMIT', 'RECEIPTS', and 'HELP'. The user is logged in as 'michael.james'. The interface shows a multi-step process for transferring money: 1. TRANSFERRING, 2. SENDER INFORMATION (from michael.james), 3. RECIPIENT (you send money to?), 4. REVIEW, and 5. PAYMENT. A modal window titled 'ADD NEW RECIPIENT' is open, allowing the user to add a new recipient. The form includes fields for First name, Last name, Birthday date (dd/mm/yyyy), Address, City, Country, Phone number, and Email. Below these fields, there are radio buttons for 'How should funds be received?': 'Payout to bank account' (selected), 'Payout to cash pickup', and 'Payout to card'. At the bottom of the modal, there are fields for Bank name, Account number, and BIC/SWIFT code, along with 'CANCEL' and 'SAVE' buttons. A blue arrow points from the 'ADD RECIPIENT' button in the main interface to the modal window.

The screenshot shows the NorthernCircleBank Global Remit interface at the 'PAYMENT' step. The user is logged in as 'michael.james'. The interface displays a summary of the transfer: 1. TRANSFERRING 1000 EUR to PHP 59702.21, 2. SENDER INFORMATION from michael.james, 3. RECIPIENT to Kathy smith, 4. REVIEW transfer details: Confirmed, and 5. PAYMENT. Below the summary, there are two buttons: 'SEND MONEY FROM YOUR BANK ACCOUNT' and 'I AM LOOKING FOR A DIFFERENT WAY TO PAY'. The 'SEND MONEY FROM YOUR BANK ACCOUNT' button is highlighted. Below the buttons, there is a section titled 'Transfer money from DE to PH' with a note: 'Please login to your online-banking system or go to a branch to make a payment and use reference number & transfer exactly 1,000.00 EUR to bank account below'. The reference number is 42927TE. At the bottom, there are two buttons: 'I HAVE SENT THE MONEY' and 'CANCEL THIS TRANSFER'.

GLOBAL PAYMENTS – FinTech front end for International Payments

Inpay provides its FI customers the ability to offer their retail clients with an FI own-branded FinTech front end (web portal) to initiate international payments with settlement via the Inpay network or via the customers' own proprietary correspondent banking network.

The web portal plugs into the FI back office/accountancy systems, providing additional real-time reporting and tracking functionality for all parties. ■

See the web portal demo environment:

<https://northerncirclebank.com>

The Eurogiro Supermarket

While continuing to provide a stable technological platform for secure exchange of payments between the members, Eurogiro is actively working on next-generation solutions that will empower members to actively engage in the world of cross-border services at an unprecedented level.

The goal is simple: **To enable and empower organisations to offer new financial services quickly and seamlessly while significantly increasing their revenues!**

In this respect, Eurogiro is working on a turnkey platform that will offer members a single point of access to multiple financial service providers that are already integrated and ready to transact with other members. This single point of interaction with service providers is made

possible via an integrated web-based software solution, and includes single point of settlement and customer service as part of the platform provided by Inpay. This turnkey platform is the Eurogiro Supermarket.

In an age of declining traditional postal revenues, the Eurogiro Supermarket will empower members to step into arena of cross-border payments in a big way, while circumventing the costs and complexities of bilateral relationships and connections to multiple international service providers. Members will be able

to significantly broaden the mix of financial services offered to their clients and immediately grow their revenues.

An updated multilateral framework, MLF2 is the legal foundation for the Eurogiro Supermarket suite of services. No additional signature or approval from existing members is required (unlike a single commercial relationship). The regulated central counterparty, Inpay will enable members to do business seamlessly.



2018 Eurogiro Annual Conference Group Photo

The Eurogiro Supermarket will enable the following clusters of new services:

- **Multiple connections to money transfer companies** – enabling members to immediately transact and transfer money from multiple service providers. The immediate effect of this service is clear: It will quickly increase business in this segment, as a large number of money transfer companies will suddenly get the opportunity to channel considerable volumes of transactions to Eurogiro members.

- **CrossPay Instant Money Transfer System** – enabling members to exchange instant money transfers within the Eurogiro community. In this way, postal organisations will be empowered to offer a global postal-branded money transfer product, using the latest technologies with real-time transaction processing capabilities and robust regulatory compliance adherence, while making remittances transparent, competitive and non-exclusive.

- **Payments to accounts worldwide** – members will have the option of competing efficiently with local banks in the business of payments to accounts, as the Eurogiro Supermarket will enable them to use the power of a vast and growing network of partnerships in multiple countries operated by Inpay, with the option of payments in EUR as well as local currencies.

- **eCommerce payments** – enabling members to offer the service of cash payments for goods purchased online from major local, regional and international online portals. As the volume of online commerce increases year by year, one can only imagine the potential for generating new revenues in this segment of business.

- **eWallet top-ups** – enabling members to offer cash top-ups of electronic wallets provided by multiple international as well as regional service providers. This is predominantly a new line of business for Eurogiro members, as not many of them can currently service their clients in this segment, especially when it comes to electronic wallets provided by international companies.

- **Mobile airtime top-ups** – as well as offering service of mobile airtime top-ups for domestic telecom providers, members will have the opportunity to offer clients cash mobile airtime top-ups for telecom providers from a large number of countries.

All of the above will be offered as an integrated turnkey solution to members. There will be two basic ways to deploy the Eurogiro Supermarket:

- A cloud-based web application
- Integration with members' core systems via API

In addition to the Eurogiro Supermarket platform, Eurogiro members will benefit from the **Global Remit platform***, which is designed as a white-label solution for online interactions between Eurogiro members and their diaspora. Eurogiro members will have a fully customised web portal, in their own corporate colours and brand, as a platform to offer

price-competitive payments services such as money transfers and payments to accounts.

Having received very positive feedback from members after the first presentation of the Eurogiro Supermarket concept during ECM 2018 in Copenhagen, Eurogiro and Inpay have stepped up efforts to build the new platform. With ambitious plans and timelines, Eurogiro aims to launch the first pilot version of the Eurogiro Supermarket platform in December this year, covering a limited number of services, with the aim of testing the system in a live environment. Service extensions and new member deployments are scheduled for H1 2019 onwards.

The future for Eurogiro and our members will be very exciting! ■

Mladen Perković
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Eurogiro is proud to announce that Bulgarian Post has agreed to work with Eurogiro in the first pilot of the Eurogiro Supermarket. This version of the Supermarket will include connection with one money transfer company and one large regional provider of eCommerce services. Eurogiro and Bulgarian Post have agreed to work together in testing and improving the platform, as a prerequisite for full deployment of the platform with the rest of the Eurogiro members.

* More on the Inpay Global Remit on page 4

IMAGE 1 – new services provided within Eurogiro platform



IMAGE 2 - Eurogiro platform is an integrated system which, on top of multiple clusters of new services, will offer integrated multicurrency settlement and B2B customer service.

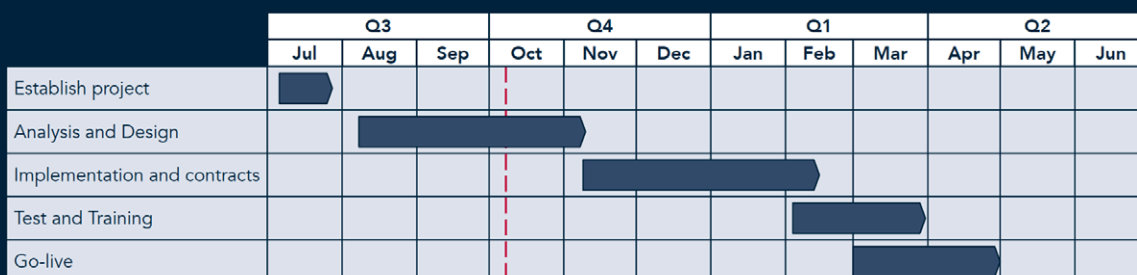


ESSP migration to Inpay well underway

In close cooperation with the members, ENOC and Deutsche Postbank (as the current ESSP partner), Inpay is developing and expanding the new Eurogiro settlement services offering, under the project name SSP 3.0. While maintaining the key mandate and attributes of the existing ESSP 2.0, of providing regulatory compliant, cost-efficient, single point of entry for settlement of EUR-payments for the Eurogiro community, the new service is

also expanding into new services and features. The new service will be the compulsory settlement solution for the Eurogiro Supermarket multi-service offering. In addition, it will expand into a multi-currency solution and an improved 24/7 support service will be an integral part of the new SSP 3.0 offering, with new developments supporting a more profitable business for all members.

The project timeline and expect go-live 2019-Q1

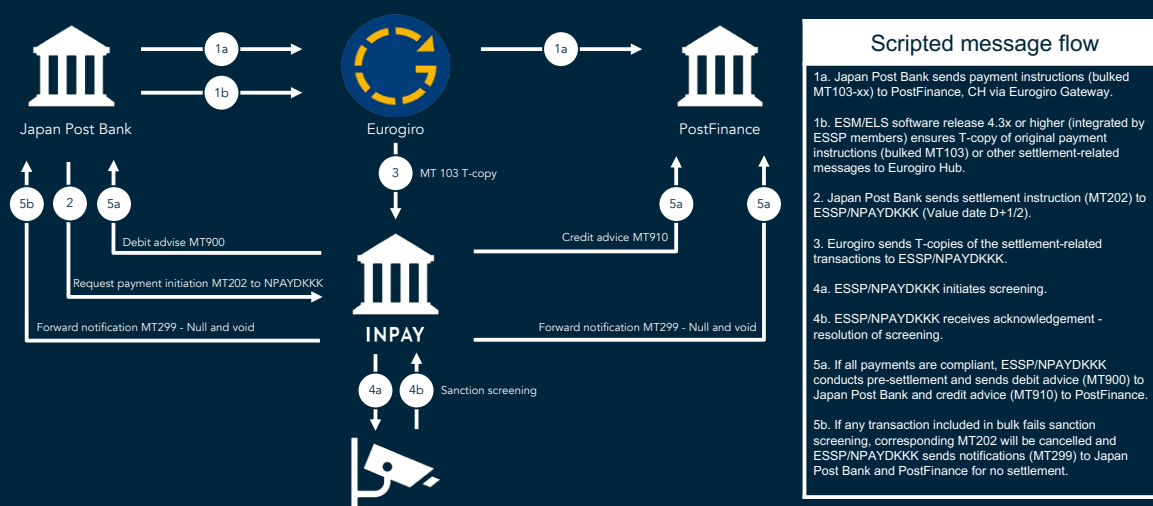


Project timeline and the roll-out of the new SSP service

The migration is planned for April 2019 and will be an orchestrated "big-bang". During December and January, members will be introduced to the new SSP contracts, where on the technical side, only minor adjustments to the routing tables are expected,

i.e. change of BIC from Postbank to Inpay. A new SSP user workshop is planned for March 2019 in connection to the migration. In the meantime, regular updates will be communicated to all ESSP members. For any questions please contact Eurogiro. ■

ESSP related message flow for bulked MT 103-xx



ESSP message flow for bulked MT 103-xx remains unchanged

2018 member conference in Copenhagen

Eurogiro's annual Conference and Community Meeting was held on 6 – 8 June 2018 in Copenhagen, Denmark with members from more than 28 countries attending. This year, the conference aimed to shed light on the future after Eurogiro joined forces with Inpay.

Eurogiro's goals were threefold: To contribute to an overview of key market trends, communicate with members on how Eurogiro could best support their endeavors to success and to offer members a platform for networking and bilateral discussions.

To achieve this, the conference touched on aspects as diverse as:

- Introducing the new owner Inpay. Their unique contribution to supporting Eurogiro members by offering stability and continuity and thereby providing means for growth and innovation. In particular two new additional services were introduced:
 - o The Eurogiro Supermarket: allowing members to attract additional transactions through an innovative platform.
 - o The Multilateral Framework 2.0 (or MLF 2.0): providing the updated legal framework for members and third party transaction-providers.
- Investigating how the payments market (and in particular Europe) is changing and forcing financial institutions to enable access to customers' accounts to third-party licensed institutions if they were to remain relevant to clients.

- Getting inside information from a FinTech expert on how blockchain, or Distributed Ledger Technology, is becoming a promising enabler in cutting costs in the distribution of transactions, settlement and other areas.
- How Payment Service Providers and the posts might mutually benefit from collaboration. Posts could draw on the most advanced services of FinTechs. Helping them to reduce their dependence on banks and to increase the profitability of their unique customer relations. Participants were introduced to a variety of FinTech companies and their solutions.

New members in 2017/2018

Wari – connects to 35 African countries

OmniPay – connects to card platform in the Asia Pacific

Rewire – connects clients via any channel to digital banking engine

I-remit – connects overseas workers through physical out-lets and web-based channels

Inpay – brings continuity, innovation and growth opportunities to all Eurogiro members

Updates on settlement services, compliance and IT services

Dr. Susann von Gunten, on behalf of the Eurogiro single settlement provider for euro, Deutsche Postbank gave an update on Eurogiro Euro Settlement Service (ESSP) and André Blum, the former chairman of the Eurogiro Compliance Audit Group, gave an overview of the different faces of terrorism compared to FATF recommendations.

Mladen Perković, COO at Eurogiro, took the audience through current and upcoming projects in IT such as an update on statistics, discontinuing Orange, the need for new routers and a SWIFT standards update. At the same time, Eurogiro is investigating the impact of the SWIFT GPI program. Lastly, the "UPU-Eurogiro technical bridge" was re-launched to the audience.

Networking

Re-kindling existing relations and forging new ones remains a top priority of the Eurogiro Community meeting. The 2018 conference was very well appreciated for its networking opportunities and the discussions were lively from the early start into the social events in the evenings. By putting a face to the name, it becomes much easier to strike a deal and make it a success. ■

Michel Stuijt

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Mongol Post JSC joins Eurogiro.

Mongolians living in Korea will be able to transfer funds back home using the Eurogiro network.

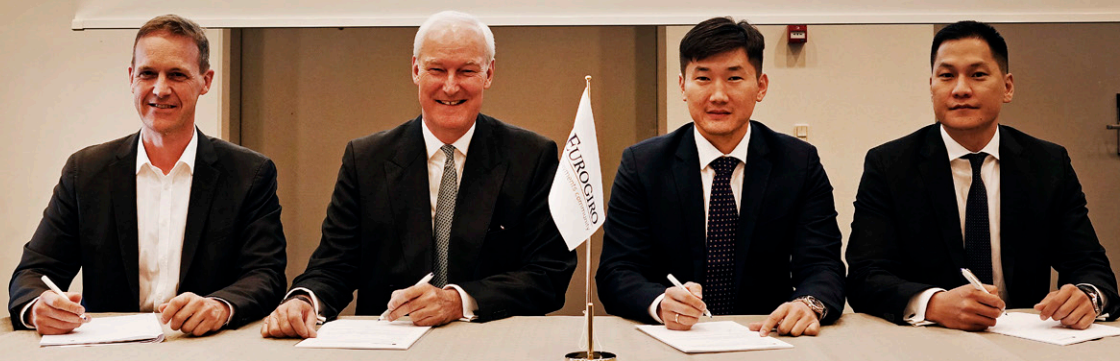


Signing ceremony

Mongol Post

7 June 2018

Eurogiro Community Meeting



From left: Jacob Tackmann Thomsen, Founder and CEO of Inpay, Michel Stuijt, CEO of Eurogiro, Gerelt Telmen, Deputy Director Strategy and Business Development of Mongol Post JSC and Ganzorig Chuluun, Chief Executive Director of ARD

During the Eurogiro Annual Conference in Copenhagen on 6-8 June 2018, Mongol Post signed a connection agreement to become a new member of Eurogiro.

Gerelt Telmen, Deputy Director of Mongol Post JSC highlighted: "Eurogiro's broad global reach will ensure Mongolian citizens living abroad will have a new, more efficient channel to transfer money, as opposed to current banking systems and other intermittence networks."

Mongol Post JSC has completed preliminary system set-up and is starting the

testing process with Korea Post in Q4 2018. Further plans include continuing implementation of money transfer services in other countries with a high number of Mongolian citizens, such as Japan and Germany.

Gerelt Telmen stated: "During the Eurogiro Annual Conference we met and discussed partnership opportunities with representatives of Korea Post and

of Japan Post Bank. We have reached an agreement and will provide Eurogiro services starting with Korea Post. This will provide our customers a reliable and inexpensive money transfer option between the two countries. For example, Mongolians in Korea can use a wide network of over 5,000 Korean Post branches for this low cost and fast service". ■

Mongol Post JSC



Technical User Group meeting 2018 in Copenhagen

The focus of the meeting was to present further developments of the existing Eurogiro platform as well as to introduce details of the new platform – The Eurogiro Supermarket.

Traditionally, the format of the meeting included formal presentations of current topics important for the community as well as bilateral meetings between members and ENOC/Seavus. The meeting was chaired by Uwe Holmsgaard, Eurogiro Board Member.

Mladen Perković, the new Chief Operating Officer of Eurogiro, presented the concept of the Eurogiro Supermarket. The presentation and subsequent discussions focused on the business aspects of the new platform, as well as the technical and operational issues related to it. In addition, members were notified about Eurogiro's decision to gradually phase out MPLS connections via the Orange service and migrate all connections to the internet. Also, members were informed about the upcoming release of the new v5.0 of the ELS/ESM application and the need for comprehensive testing of the new application prior to production release.



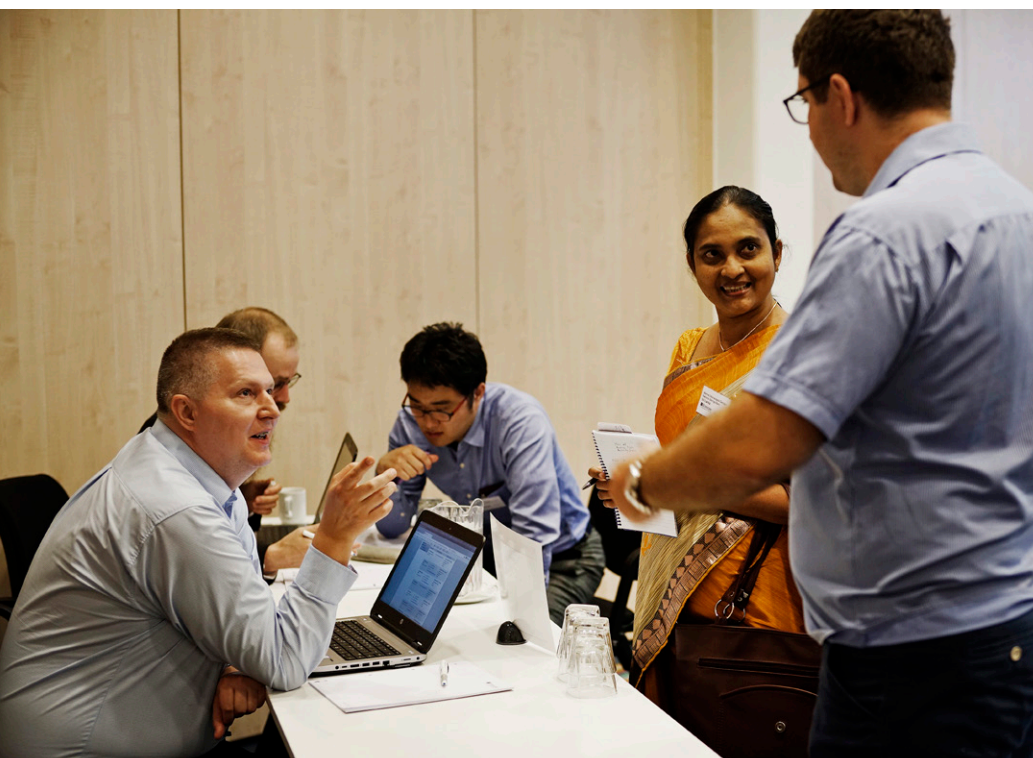
Seavus update

Nemanja Guzina from Seavus shared details on the development of the new v5.0 of the ELS/ESM application, along with comprehensive information on the improvements and new features, as well

as the inside structure and technologies used to develop it.

ENOC update

Nikolay Popov and Johan Petersson presented in details the procedure for



ELS/ESM v5.0 – main features:

- App written from scratch
- Backward compatible
- Embedded Tomcat (optional)
- Many under-the-hood improvements
- User visible improvements
- Code reduction
- More stable app
- Flexible to changes and new development
- Already available to members for comprehensive testing



upgrading to the new v5.0 of the ELS/ESM application. During the presentation, a live demo of the upgrade was demonstrated to the attending members. Bearing in mind the need for comprehensive testing of the new version, speakers suggested the following scope for the testing process:

- Envelope creation / Manual action
- Host communication
- Import/export envelope processing
- SAG communication
- ECI status, cancel, return, payout

Self-Assessment

Marián Illovský (Postova Banka, Slovakia), member of the Eurogiro Security Group, presented the results of the 2017 Self-Assessment. The overall rating was "Good".

Other presentations

In addition to important current issues, the event offered attendees an opportunity to further expand their knowledge on many interesting topics: PDS2 initiative and its impact on the banking and payments industry, presented by Miroslav Stojmanovski of Seavus, and the "why", "what" and "how" of Microservices presented by Jacob Mikkelsen and Jeppe Cramon of Inpay.

As always, TUG 2018 was a perfect opportunity for members to interact with Seavus and ENOC, exchange valuable information, network and contribute to the further development of the Eurogiro Community. ■

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SWIFT GPI:

Eurogiro has started to work on the conceptual design of the functionalities to support the SWIFT GPI requirements.

The current plan is based on the introduction of a new MT103 envelope type, which would include two additional fields in block 3 of the Header, as per GPI requirements:

- Field 121 – Unique End-to-end Transaction Reference (UETR)
- Field 111 – Service Type Identifier

The above mentioned fields would be optional. Also, this new type of MT103 would contain only one transaction – therefore bulking would not be possible for this envelope type.

By introducing the new message type, members would have the ability to bilaterally agree on the usage of the new features, while existing operations would not be affected.

As the work on GPI requirements in Eurogiro is still in the conceptual phase, members are welcome to send their suggestions. The date of release of GPI functionalities will be given later.



Eurogiro welcomes back Gene Gutierrez as Regional Director – Asia Pacific

As part of Eurogiro's strategic move to join forces with Inpay A/S, we are pleased to welcome back one of our former colleagues that many of you know; Gene Gutierrez. Gene has accepted the offer to resume his position as Regional Director – Asia Pacific for Eurogiro starting in June of this year.

One of the benefits of having Gene back on the Eurogiro team is his experience working for our parent company, Inpay: setting up and running the Inpay network of APAC countries and selling the Inpay portfolio of services to Banks and e-commerce, travel and educational payment merchants in the Asia Pacific region. As the former Managing Director of Asia

Pacific, Gene was also responsible for managing Inpay teams and satellite offices in the region.

Gene has acquired a thorough knowledge of both the Inpay payment products and services as well as the new and exciting payment products that Eurogiro is launching exclusively for its members.

Gene's first and foremost responsibility is to ensure that we understand the needs of each of our members in the Asia Pacific region to ensure they receive the maximum benefit of their Eurogiro membership. ■



You can meet Gene at the Eurogiro Asia Pacific Customer Council 29 November 2018 in Tokyo and he can be contacted at gene.gutierrez@eurogiro.com or direct phone: +63 917 826 0007.

Activity Calendar 2018/19

Meet us at these events:

8 – 9 October 2018

POST-EXPO, Hamburg

22 – 25 October 2018

SIBOS – Inpay booth D59, Sydney

29 November 2018

Asia Pacific Customer Council, Tokyo

Dates to be announced, 2019

Eurogiro Community Meeting, Bucharest

Eurogiro is a global payments infrastructure. We connect posts, banks and other payment handlers and facilitate a member-driven cooperation to create business opportunities for our members.

Our network carries payment transfers of all kinds.

www.eurogiro.com

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