

*Get connected
to the future*



**'General Principles for
International Remittance
Services' from the viewpoint of
the
Eurogiro
co-operation**

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What is Eurogiro?

- A co-operation of banks and postal organisations enabling the institutions to offer cost efficient, reliable, transparent payment services to their customers
- A network for electronic exchange of international low value payments.
- Eurogiro domain: framework for IT connectivity, procedures, SLA's, compliance, payments & settlement, interbank products, alliance partners
- Member domain: Customer pricing, customer products, customer marketing & branding, compliance, processing and settlement

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54 connections in 46 countries



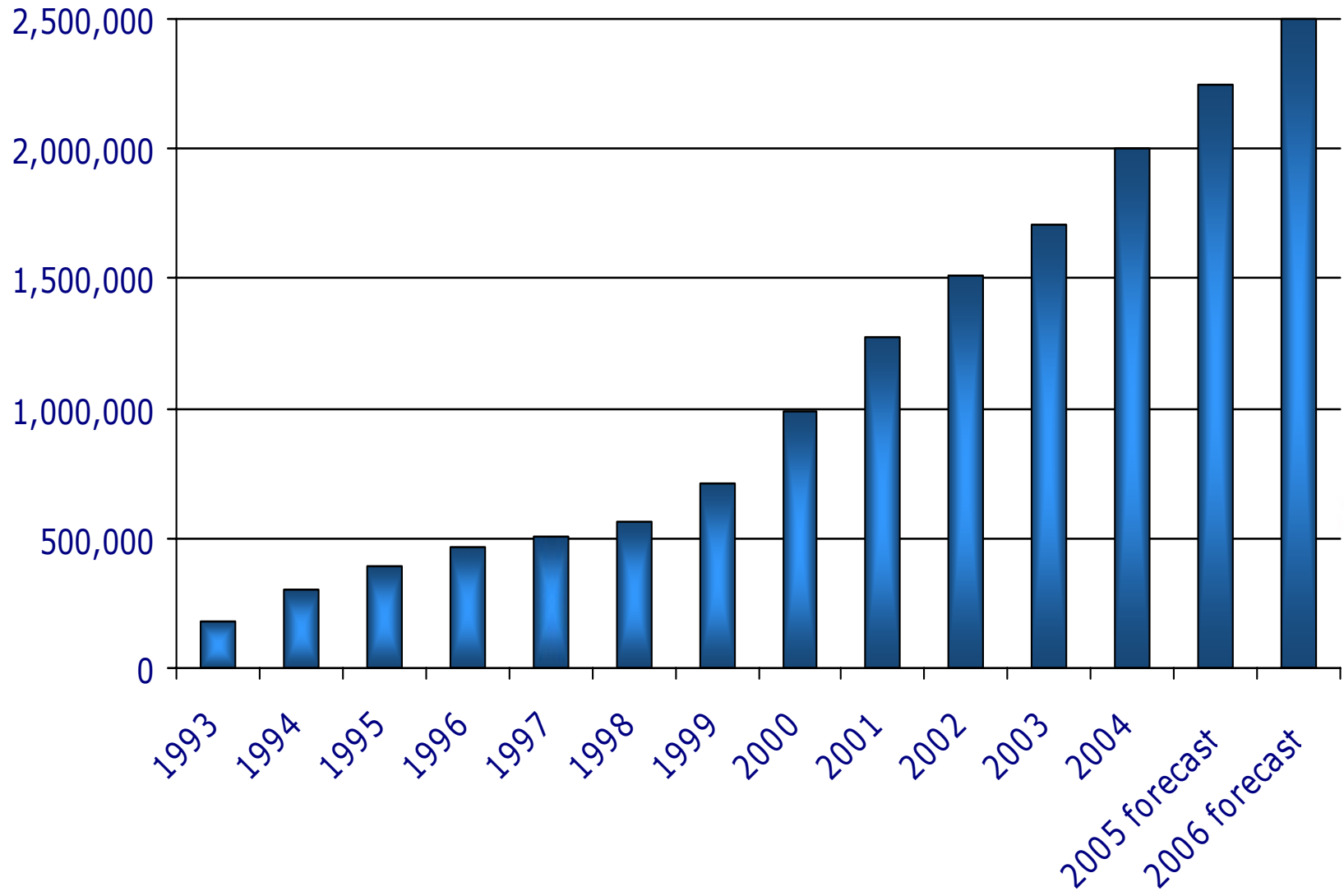
AF	Afghanistan International Bank	IS *	Póstgíró
AT *	BAWAG P.S.K.	IT *	Poste Italiane
BA	Nova Banka	IT	Banca Popolare di Sondrio
BE *	Financial Post	JP	Japan Post, Postal Savings Business Headquarters
BG	Finance Engineering	JP	American Express Bank
BR	Empresa Brasileira de Correios e Telégrafos - ECT	KR	Korea Post
CA	National Bank of Canada	LU *	EPT Luxembourg
CH *	PostFinance/Swiss Post	LV	Latvia Post
CV	Cape Verde Post	MA	Banque Centrale Populaire
CN	China Post	MA	Barid Al Maghrib
CS	Postal Savings Bank	NL *	ING/Postbank
CZ	CSOB	NO	ING/Postbank (EUR & NOK transfers)
DE *	Deutsche Postbank	PH	Philippine Postal Corporation
DK	Sydbank	PL	ING/Bank Śląski
EG	CIB (Egypt) S.A.E.	PT *	CTT Correios de Portugal
ES	BBVA	RO	Banc Post
ES	Correos y Telegrafos	RO	Posta Romana
FI	ING/Postbank (EUR transfers)	SE	ING/Postbank (EUR & SEK transfers)
FR *	La Banque Postale	SI	Postna Banka Slovenije
GB *	Alliance & Leicester Commercial Bank plc	SK	Postova Banka
GB	Visa	SN	Postefinances
GR	Hellenic Post	TG	Societe des Postes du Togo
GR	EFG Eurobank Ergasias	TH	Thailand Post Co
HR	Croatia Post	TR	Turkish Post
HU	Magyar Posta	TN	La Poste Tunisienne
IE *	An Post	USA	Deutsche Bank
IL	Israel Postal Company	USA	Federal Reserve Bank

* Shareholder

EUROGIRO products

- Payment transfers
 - standard (max. 3 days) and urgent
 - to accounts with members
 - to accounts with 3rd banks
- Cash payments (Money orders)
 - Standard
 - Two-day product; Eurogiro-TMO®
 - Western Union urgent cash
 - COD – Cash on delivery
 - Cheque payments
- Bulk and pension payments

Monthly transactions



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Eurogiro – providing connectivity

Gateway of business opportunities for Eurogiro members:

The Eurogiro SWIFTNet Closed User Group

- Exchange transactions in FileAct format with any SWIFTNet member and any Eurogiro member on the same system;
- Access from SWIFT system to (postal) members with ELS systems and access from ELS system to (banking) members with SWIFT system

Eurogiro Select solution

- Access for non-banks through dedicated network

The Eurogiro/Visa solution

- Receive payments from Visa card holders; additional volume and revenue to the Eurogiro members

WSBI (Savingsbanks) co-operation on remittances

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Eurogiro – providing connectivity (cont.)

The FED-Eurogiro Partnership

- Incoming traffic (from potentially any US bank) with fee and foreign exchange income
- Live in pilot phase.

Eurogiro/UPU – The Tele Money Order (TMO)

- New revised two-day cash product mixing Track & Trace techniques and Eurogiro bulking principles
- Can be exchanged electronically between the UPU/IFS network and the Eurogiro network

Eurogiro/Western Union – Urgent Cash

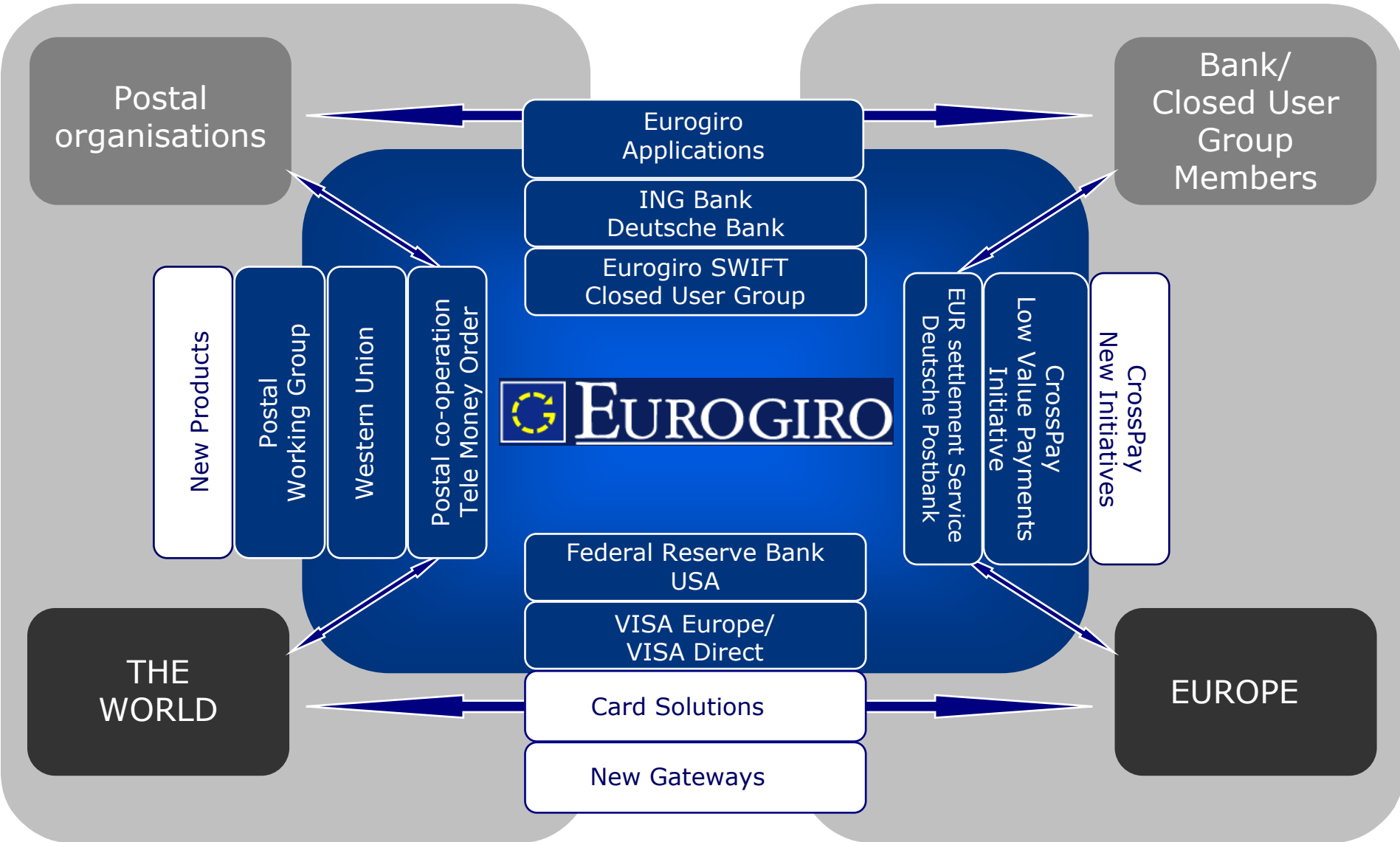
- Support from Eurogiro of the Urgent Cash product of Western Union
- Option to connect to Western Union through the Eurogiro ELS interface
- Nearly 30 Eurogiro members as Western Union agents and strong volume growth

Multilateral settlement: ESSP and USSP



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The Eurogiro strategy 2003 - 2008

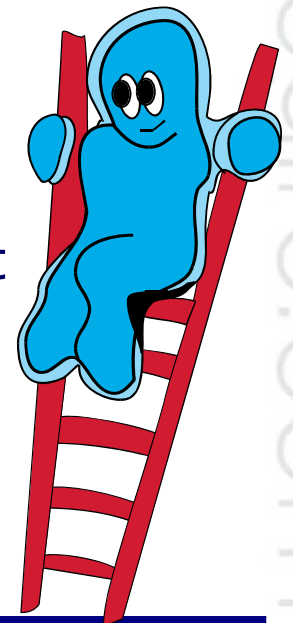


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Eurogiro System, Key features

A system for all international financial transfers

- ✓ Uses the SWIFT format (the same format as used by all banks)
 - ✓ extended to support our full product portfolio and Enveloping (bulking) of the transactions (default 500)
 - ✓ easy settlement through bank accounts
 - ✓ easy settlement of transfers in EUR via Deutsche Postbank
- ✓ Value added services
- ✓ Security and contingency
- ✓ Remote monitoring of message handling
- ✓ Central Help Desk for extended member support



Connecting to Eurogiro: 3 options

Direct connection using the ELS application

- Separate network connection to Eurogiro
- Dedicated computer system (ELS)
 - Eurogiro “turn key” solution
 - Eurogiro “Select” solution

Dedicated connectivity (FED, UPU, Western Union)

Connection via ING Bank (mainly for banks)

- Separate network connection

Connection via SWIFTNet (mainly for banks)

- Eurogiro administered CUG (SECUG)
- Using existing SWIFTNet system

All solutions are based on SWIFT format standards.



Eurogiro Select-Windows

Simple set-up based on Windows PCs and Internet

Eurogiro provides:

- Network equipment for secure communication via Internet (VPN)
- Configuration and management of network security
- ELS application on CD (full functionality)
- Documentation
- Off-site implementation support
- Help Desk
- Monitoring of message flow and application
- Implementation coaching by other Member



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General principle 1: Transparency & consumer protection

- Basic principle: OUR pricing and fixed time schedules
- Must cover all payment providers, i.e international (not national) rules necessary to provide level playing field
- Principles must be technically feasible (e.g. FX rates)
- Can paper based services be disallowed/discouraged ?
- Can informal channels be disallowed/discouraged and replaced by licensing arrangements?



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General principle 2: Improved payment systems

- Use retail organisations that are already there
- But retail organisations need support to implement payment systems:
 - Training, IT, procedures, operations, compliance etc. via Consultancy
 - Funding
- Common standard important as it improves competition and lower costs for interoperability
- Open & fair access to domestic and other payment systems under certain criteria are critical
- Encourage that postal payment operators are regulated under similar rules as market



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General principle 3: Regulatory framework

- Regulation must be balanced
 - Motivate informal channels to be licensed
 - Level playing field
 - Avoid dramatic penalties for small offences
 - Less requirements for small amounts
- Global licensing arrangements?
- Co-ordination OFAC/FATF and enforcement of these for all
- Make exclusivity arrangements illegal
- Disallow paper based solutions
- Postal Payment Act and other UPU conventions to follow BIS principles



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General principle 4: Market conditions and access

- Open access to choose MT provider or own products
- Allow all (licensed) payment providers access to domestic systems
- Level playing field (standards)
- Support evolution of postal financial services into Postbanks

General principle 5: Governance and risk management

- Regulation by same entity for all
- Light regulation principles for smaller MT operators in developing countries
- But still level playing field
- Avoid bureaucratic procedures
- Assist postal organisations to achieve governance and risk management compliant with for instance central bank requirements

Conclusions and next steps

- Can recommendations be made more firm?
- Can recommendations be enforced?
- Can recommendations be supported with assistance?
- How can we ensure that report is followed by actions?
- Align UPU regulation with BIS principles
- A specific program for opening the postal & other retail networks for remittances & inclusion
- Building on existing (retail, SWIFT) structures
- Support funding of poor organisations in developing countries for IT, procedures, compliance, consultancy etc.



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Thank you for your attendance

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Questions are welcome

