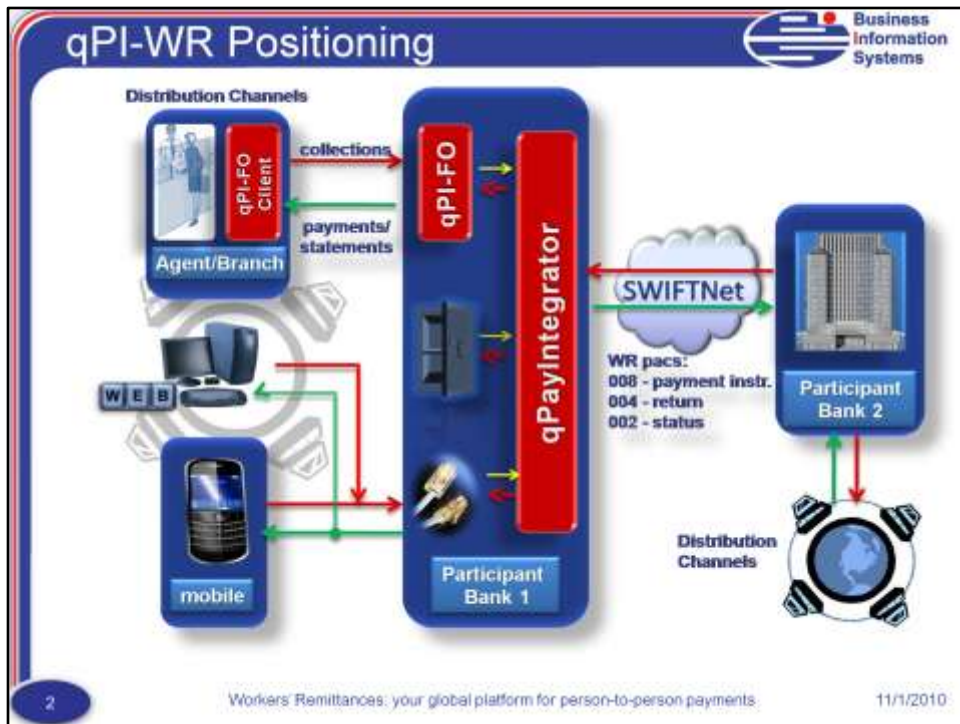




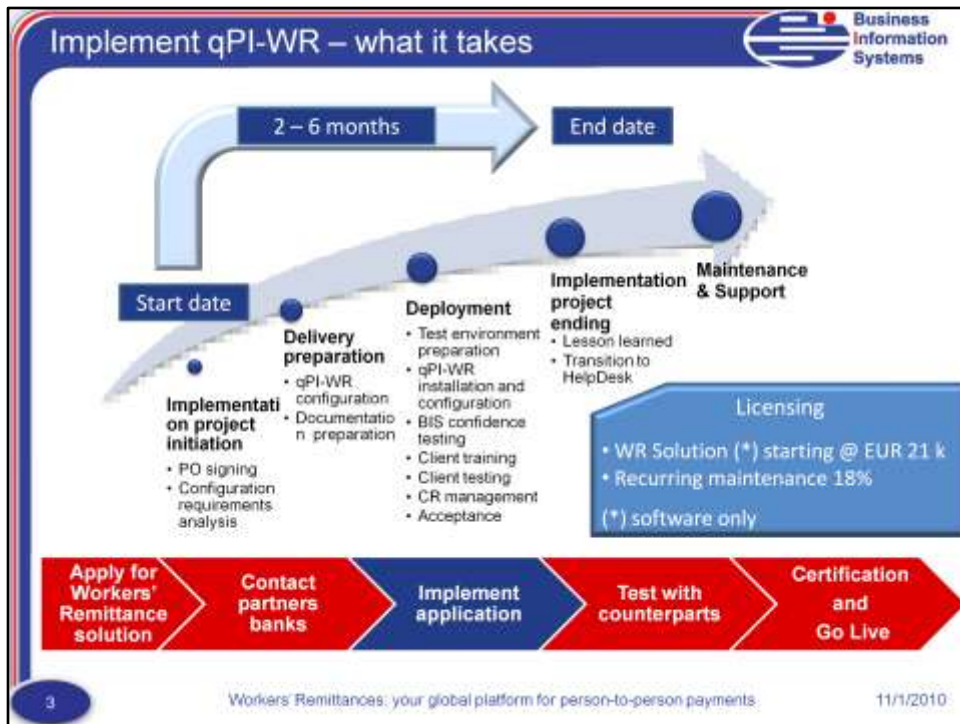
Solution for Workers' Remittances

ISV Perspective



1. What I am standing for:
 1. number 1 financial strength company @Sibos (reading the exhibitors list, bottom-up)
 2. literate team in the art of innovation and with assiduous work in this field
 3. Rich experience in WR since 1996: I was asked by Romanian waiter in Istanbul to remit USD 100 to his 8 months pregnant wife (living in the other side of the country, the exchange rate on myself, two calls to my bank) – proved that I was able only to collect without pain, transport was painless & slow, while the distribution was a total mess (a lot of invested time, and all costs on me)
2. Given the background, we enthusiastically embarked on SWIFT WR initiative since 2008
3. Today we have achieved (what we have also demonstrated these days in our booth) a sound WR solution centered on SWIFT architecture (standards, technology and service)
4. In brief our standard solution covers:
 1. Service to the bank's operations area:
 1. message preparation to comply WR pacs for payment instructions, returns and status
 2. message routing according the bank's business rules
 3. batch prepare or unpack
 4. transaction enrichment
 5. technical reconciliation of the messages w/ the confirmations received
 6. WR reference data monitoring and update facility
 7. transaction reconciliation with correspondent banks
 8. transaction monitoring
 9. transaction reporting (on various criteria) and statistics
 10. alerts
 2. Service to the bank's business area:
 1. transaction data capture
 2. data validation
 3. WR reference data query
 4. transaction status monitoring and update facility
 5. alerts
 3. The bank's service distribution channel covered:
 1. bank's subsidiary – either front desk or kiosk
 2. agent retail network
 3. web access (by interfacing qPayIntegrator with the web access dedicated application)
 4. mobile access (by interfacing qPayIntegrator with the mobile access dedicated application - we have already used qPayIntegrator to work with M-PESA distribution)
5. Is there anything innovative about our solution? Not really, but a few nice features range from technological assets (with direct impact on ownership costs) to business scalability or re-use:
 1. high data quality – solution based on persistent transactions
 2. straightforward customization of the business rules and data formats – through stored xml schemas => direct impact on the software deployment and maintenance cycle
 3. conveniently scalable, to increase regulatory compliance (AML filtering), operations risk containment (duplicate detection based on dynamic detection window programming)
 4. versatile, to accommodate other business models – i.e. wages like remittances (pensions, budgetary wages and subsidies)

In fact what we had in mind is that, SCT and SDD being already implemented in qPI, it was only a matter of following the PSD provisions to cover as well the bank service to individuals in the form of regular earnings and tax payments. From this perspective our solution ensures a broad interoperability tool between banks, corporates and public administration, and the end beneficiary, people.



Our design was conceived to provide our customers a solution with several competitive features (in terms of price, recurring costs and delivery lead time). In our vision these are the most important design criteria, since banks are trying to achieve a relevant footprint in a market whose well established champions are providers like Money Gram and Western Union. Hence the competition will be on the quality of the financial service (QoS), service consistency, go to market (lead time) and price.

On the QoS, through the accumulated practice culture, distribution channels variety and innovation, the commercial banks have a strong competitive position.

On the service consistency the SWIFT WR standard concept offers a more flexible combination of cash/account remittances. We believe that the regulatory compliance might be fulfilled by creative financial business structuring, so I will further concentrate on the go to market and the solution cost.

In my experience our solution deployment (given the architectural design) might take as much as 6 months, and as short as 2 months. The most important factor influencing the deployment duration is the business and IT analysis performed with the customer, meant to thoroughly collect business requirements and to agree the detailed solution specification and acceptance procedure (including the recurring software maintenance requirements and practice). Upon adopting a model for the customer's particular environment, the deployment and the final acceptance become rather a matter of disciplined engineering practice. And our company is firmly engaged in its way toward CMMI maturity level 3 compliance, which makes us confident enough to say that we are guaranteeing the fixed implementation time we assume in our contracts.

While I have an overall idea about the hardware cost, what I will approach further on is the cost of software.

Today we target with our solution two customer categories: the commercial banks themselves and service bureaus. From the commercial banks' perspective this leads to two distinct licensing alternatives:

1. CAPEX based: Acquiring the right to use the solution on OTC grounds and recurring maintenance 18% flat fee.
2. OPEX based: Acquiring the right to access the solution hosted by a service bureau. Depending on the bureau policy the software maintenance costs might be incorporated in the basic service fee.

I have been advised that I should speak about our licensing price. That is really tough subject to cover in detail, because the solution sizing, both for the operations and business areas depends mainly on business volume, on the adopted distribution channels and last, but not least, on risk containment requirements.

To cut this story short, for maximum 50 k transactions per day with 200 concurrent bank's clerk 'heavily' working, and only two solution instances installed at the customer site, the OTC price is EUR 21k.

Since I have not covered the necessary SLA both initial and recurring, I should say that their price is comfortably within the industry competitive range.

I will close the loop saying that with our WR solution, I am getting back to my first remittance experience, better equipped: at least I understand that my role is in building tools which the skilled people might use to make profit.