

International remittances through the Postal network

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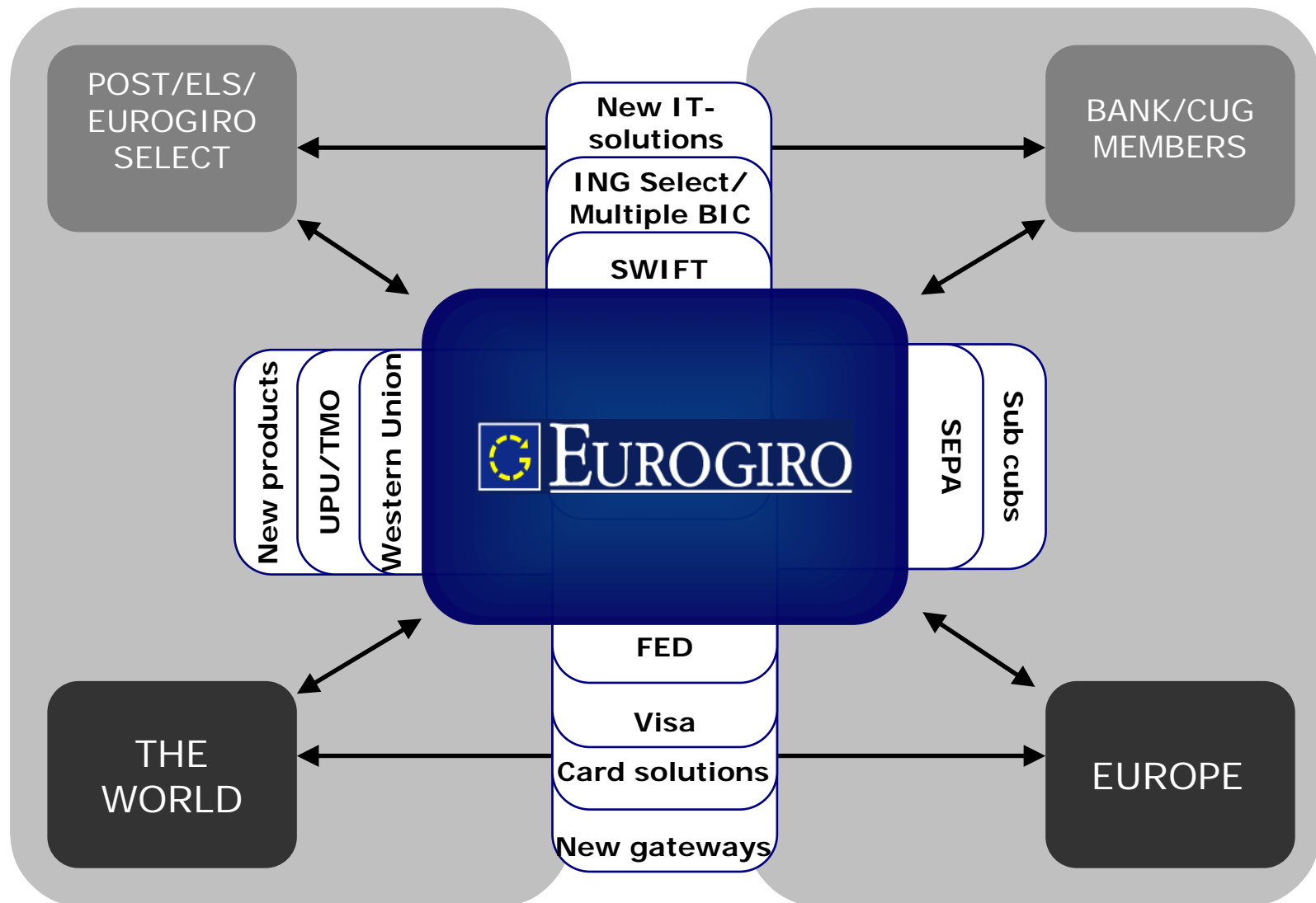
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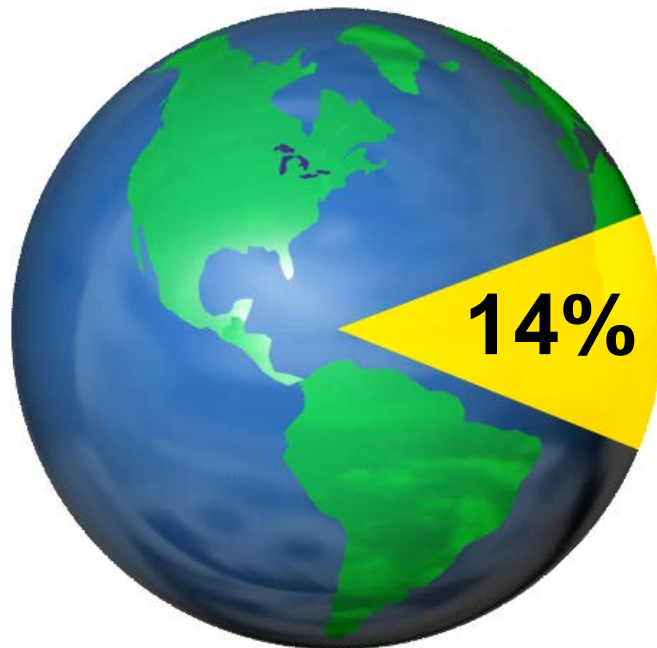
- Credit transfers
 - standard (max. 3 days) and urgent
 - to accounts with members
 - to accounts with 3rd banks
- Money orders (cash/checks)
 - standard
 - TMO, semi urgent cash (2 day product)
 - Western Union urgent cash
- (Card based services)

The Eurogiro strategy 2003 - 2008



Huge market opportunity

Estimated Remittance Market - \$151 B

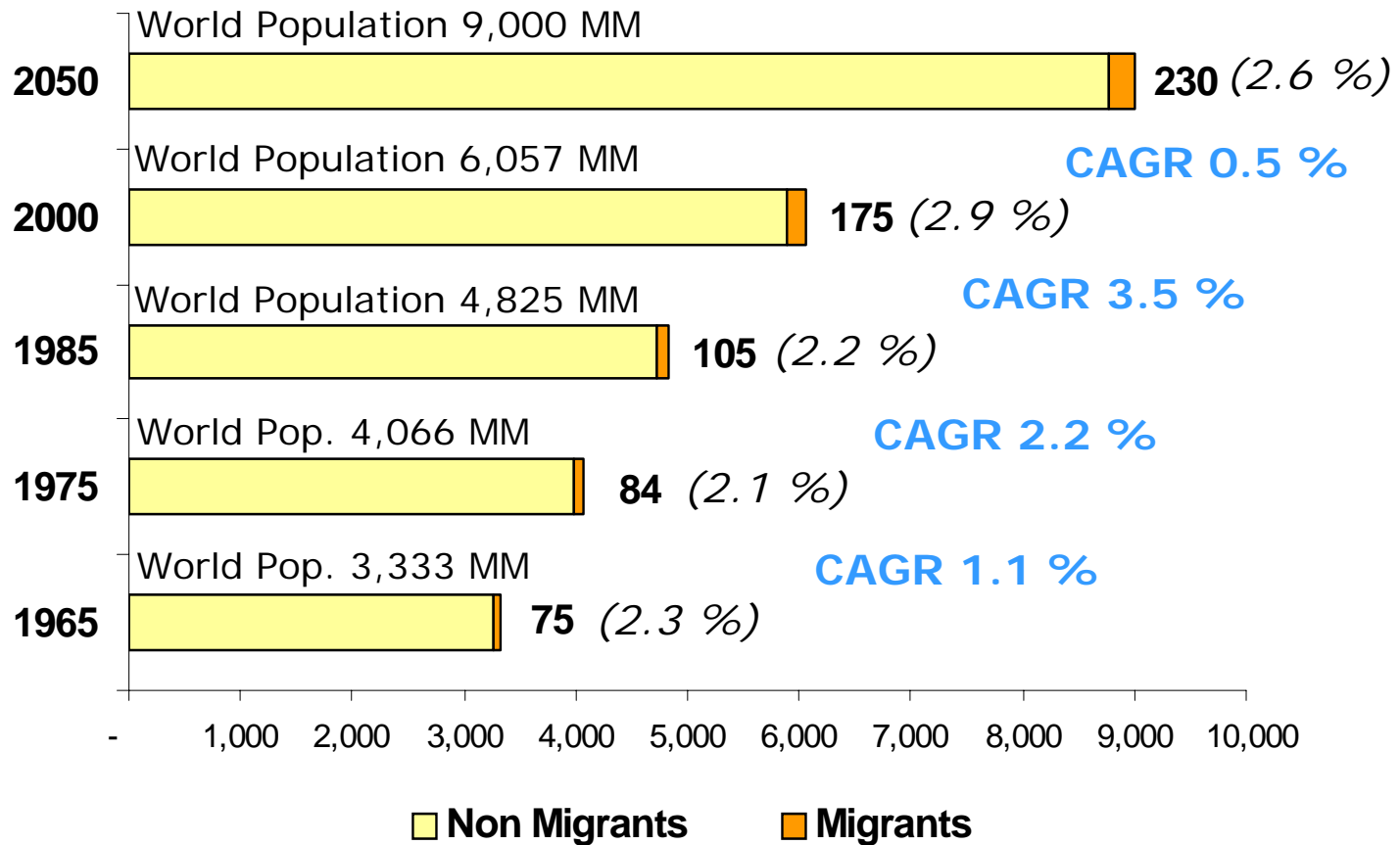


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Source: Celent Communications, 2002

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Number of migrants will be growing in the next decades

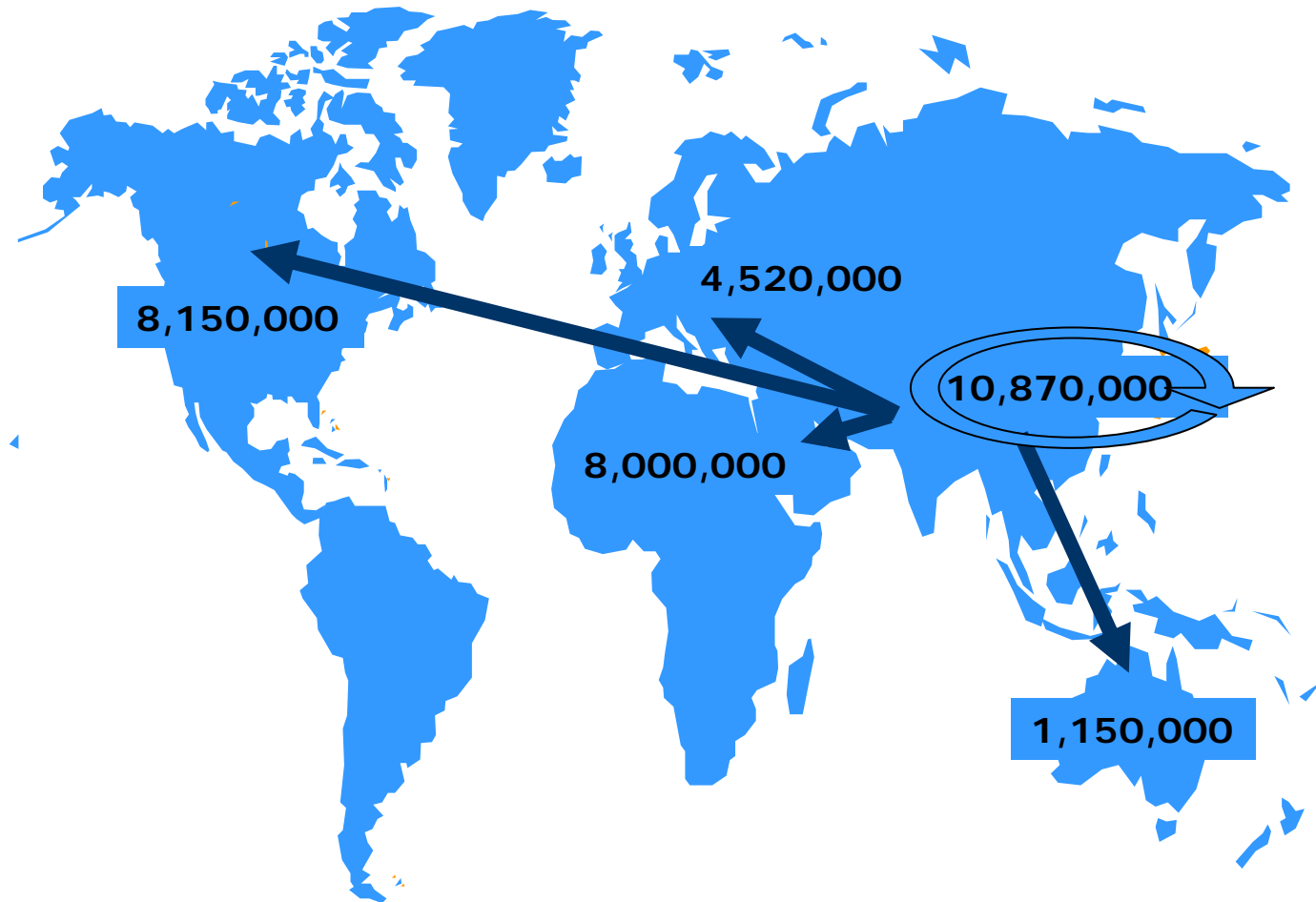


CAGR = Compound Annual Growth Rate

Source: UN Population Division (2002), IOM (2000), MPRP calculations

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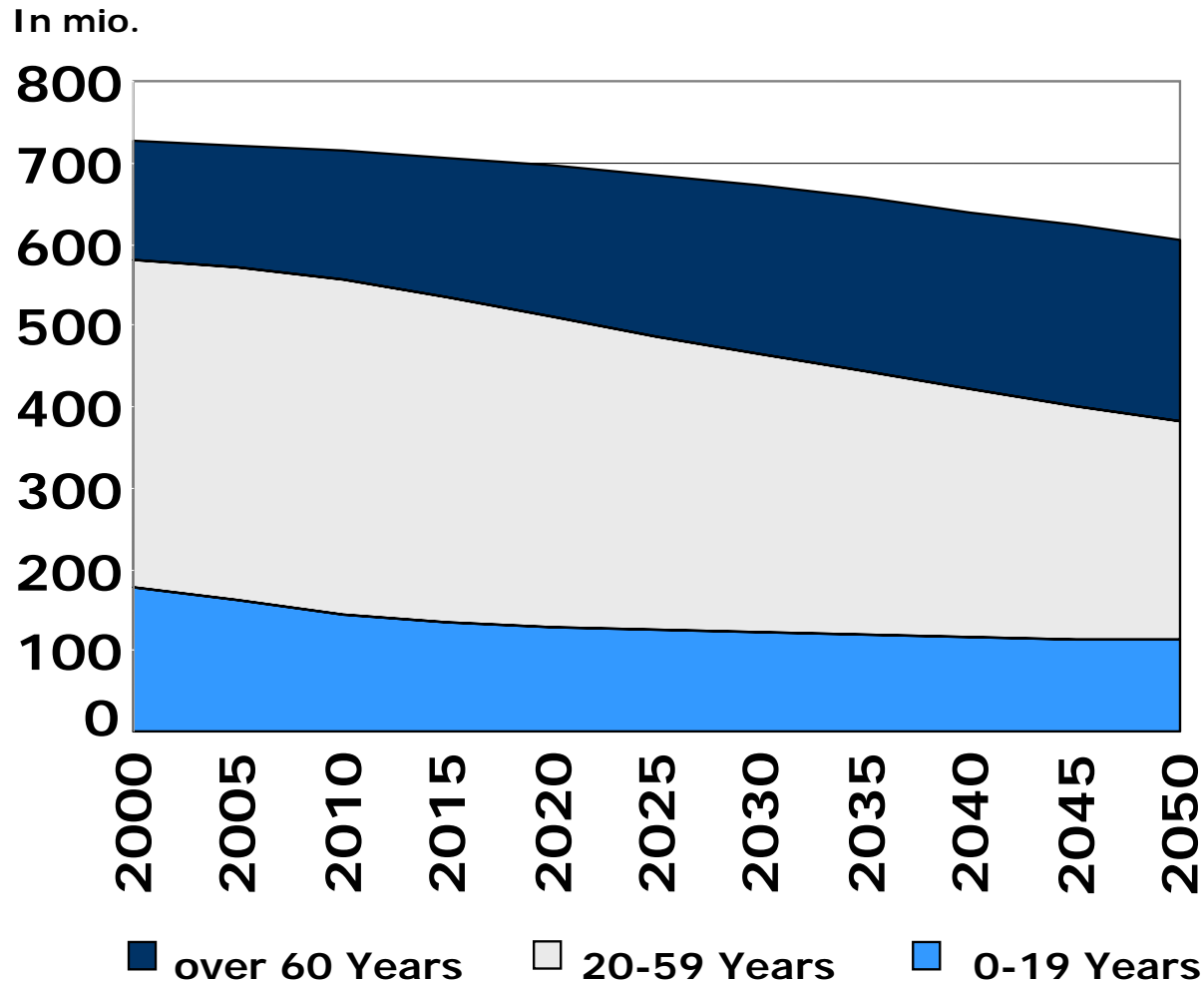
> 30 MM Asians living outside their country of origin



Source: EUROSTAT, INEC, UN Statistics, Western Union

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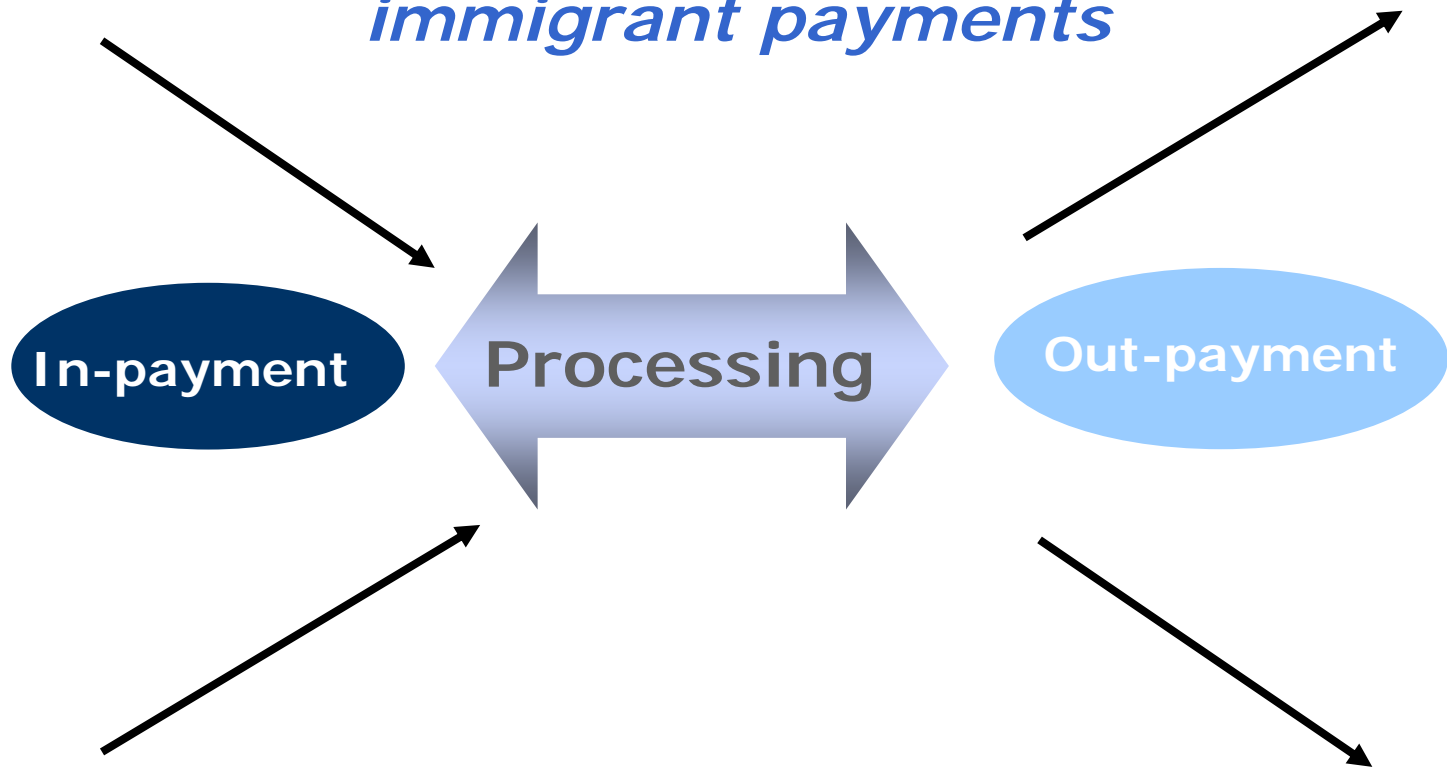
European Population Development up to 2050



Source: Western Union

3 elements of immigrant payments

Key issues for (sending) organisation servicing immigrant payments



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Element 1: In-payment issues

- Will organisation provide accounts/cards for senders or allow use of cash in small amounts?
- Is staff trained for immigrants? What are the language skills?
- Are branches located in immigrant areas?
- Are immigrants welcome in branches?
- Can all fees and FX be applied at counter?
- How is the brand suitability for immigrant payments?
- Is there a common product standard?

Who are most suitable: Postal organisations?

Element 2: Out-payment issues

- Does the organisation have the right partners?
 - Providing cash out-payments in small amounts?
 - Branches located where payments are received?
 - Can the partners provide online pay-outs?
- Can the organisation provide the right country coverage (niche service or global service)?
- How is brand awareness at pay-out location?
- Is there a common product standard?

Who are most suitable: Postal organisations?

Element 3: Processing issues

- Infrastructure investments are high, especially if integrated solutions are developed. Are funds available?
- Compliance costs are high.
- System & operational issues
 - Processing (bulk or online)
 - Settlement
 - Track & trace
 - Exception handling
 - Call centre

Who are most suitable: Postal organisations?

Postal Organisations are very suitable, but...

- Postal organisations are very suited to serve the remittance market:
 - Network (600,000 outlets) in 180 countries
 - Products & standards (TMO)
 - Existing systems (IFS, Eurogiro, Western Union etc.)
 - Can handle cash and small amounts
 - Strong global brand
- Challenges for postal organisations
 - Funds for investment and central infrastructure
 - Compliance (?)
 - Politics

There is more at stake than postal development

- Many postal organisations are in needs of support to development of their infrastructure. Postal organisations are key to the economic development in developing countries
- Remittance volumes are growing dramatically
- Global growth is dependent on smooth financial systems and particularly low developed countries depends on remittance flows
- The market is fragmented, often non-transparent and with high cost for remitters in many markets
- A low value postal remittance concept could provide global connectivity at decent costs, while allowing full access to all organisations to support postal organisations also money transfer companies and banks

Sketch of a global postal remittance product

- Alternative to existing – often paper based – Money Orders, provided by all postal organisations directly or via partners
- Low value, low cost 2-day product
- Common standard
 - Sending as bulk and receiving online
 - Full amount paid out
 - Sender notifies receiver
 - Automated settlement (EURO or USD)
 - Flat fee remuneration of receiving organisation
 - Central database
- UPU, Eurogiro, Money Transfer companies, banks etc. can provide solutions to Postal organisations.
- Funding of Postal Organisations by international donor organisations managed by entity without own interest in providing solutions

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Should we act and can we do it together?

- Cooperation is key in order to
 - Share cost of infrastructure
 - Share compliance costs
 - Provide coverage
 - Common product with global identification and with local brand
- Who could be stakeholders: Postal organisations, UPU, Eurogiro, World Bank, UN, Money Transfer companies, Consultancies, ..?
- Could project group be formed to facilitate a global postal low value remittance

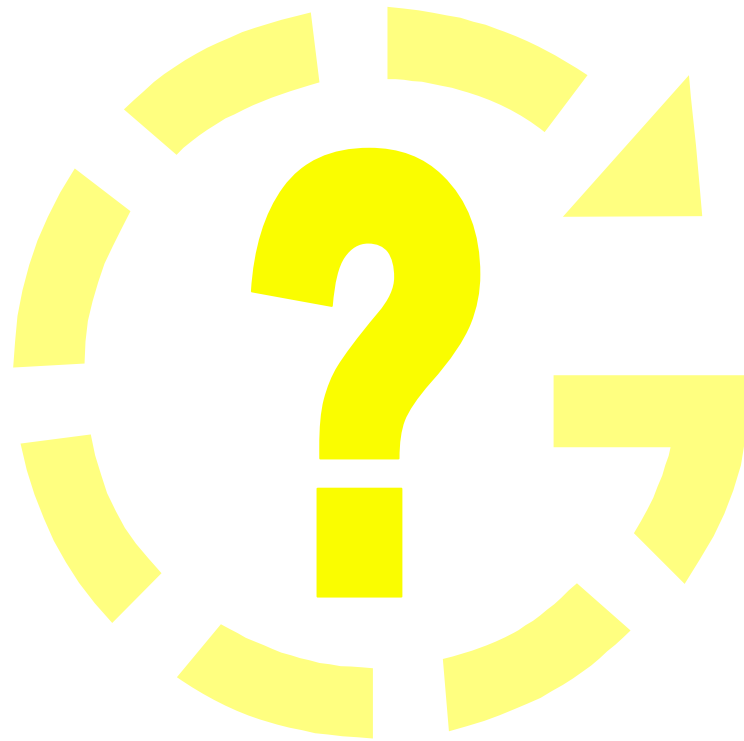
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Thank you for you attention

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Any Questions



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