World Bank Global Payments Week 2012
Lisbon, 23-25 October
Agenda

1. Portugal in Context
2. SIBS' Payments Landscape
3. SEPA and Beyond
Portugal in Context
Cash is by far the most used payment instrument (>80% worldwide) Portugal has been significantly reducing the use of Cash.

Source: ECB
Portugal in Context

Cashless Payments (Transactions per type)

The world’s cashless payments mix is quite diverse. Portugal is a card “driven” country, with Cash and Cheques being replaced by all electronic payments.

Source: ECB, BIS
The efficient and embracing character of the Portuguese payment system lead to its success and to a steady growth in the transaction volumes.
Portugal in Context
Sustained Growth in Electronic Payments Volume

Extensive migration towards Electronic Payments over the last years

Source: SIBS
SIBS’ Payments Landscape
Today, SIBS manages ATM and POS networks, performs card processing, offers payment services, and promotes new services such as MB PHONE (mobile banking) and MB NET (card-based e-Payments).

SIBS was founded in 1983 as a cooperative interbank model.

Setting up the interbank services network, for all commercial banks in Portugal, SIBS was both innovative and pioneer, allowing the capture of scale and scope economies.

International reference as Payment Systems’ processor.
SIBS’ Payments Landscape
The Coopetitive Model
SIBS’ Payments Landscape
Central Player

- Cards
- Cheques
- Drafts
- Direct Debits
- Credit Transfers
- RTGS

Payments

Banks and Corporates

Channels

International Systems

Host-to-Host

MB MULTIBANCO

MBSPOT

MB NET

MB PHONE

VIA VERDE
SIBS’ Payments Landscape
Main Activity Indicators (2011)

<table>
<thead>
<tr>
<th>Channels</th>
<th>Number of Transactions (millions)</th>
<th>Total Value (billion euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATM</td>
<td>896</td>
<td>54</td>
</tr>
<tr>
<td>POS</td>
<td>760</td>
<td>31</td>
</tr>
<tr>
<td>Other:</td>
<td>411</td>
<td>16</td>
</tr>
<tr>
<td>• Online banking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Road Toll</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mobile banking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• e-Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Cheques</td>
<td>321</td>
<td>8.294</td>
</tr>
<tr>
<td>• Direct Debits</td>
<td></td>
<td>8.294</td>
</tr>
<tr>
<td>• Credit Transfers</td>
<td></td>
<td>8.294</td>
</tr>
<tr>
<td>• Drafts</td>
<td></td>
<td>8.294</td>
</tr>
<tr>
<td>• RTGS</td>
<td>31</td>
<td>2</td>
</tr>
<tr>
<td>International</td>
<td></td>
<td>8.397</td>
</tr>
</tbody>
</table>

SIBS processed ~2,4 billion transactions in 2011, with a total value of ~8,4 trillion €

Source: SIBS
SIBS is a global company, with ongoing operations in:

- Europe, e.g.
  - Portugal
  - Poland
  - Greece
  - Romania
  - Spain
  - Malta
  - UK
- Africa
  - Angola
  - Algeria
  - Mozambique
  - Nigeria

and SWIFT services to customers based in such diverse overseas locations as New York, Panama and Southeast China.
SEPA and Beyond
SEPA and Beyond
SIBS’ SEPA Payment Solutions

Payment Solutions

Retail Payment Systems

Settlement Systems

Infrastructure

SEPA Payments

SEPA Credit Transfers

SEPA Direct Debits

TARGET2/AT2

SWIFT Services

Business Drivers

Increased number of services and functionalities

Synergies with the existing infrastructure

Cost reduction
SEPA and Beyond
AT2 – Integrated RTGS front-end

Main Business Indicators

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Portuguese annual GDP is processed in AT2-TARGET2 every 5 days</td>
<td></td>
</tr>
<tr>
<td>7,000 Payments per day</td>
<td>Average Payment Value €4,4 millions</td>
</tr>
<tr>
<td>25 Financial Institutions</td>
<td></td>
</tr>
</tbody>
</table>

Solution

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique front-end for Banks (U2A &amp; A2A)</td>
<td>Value-added features</td>
</tr>
<tr>
<td>Integration (A2A)</td>
<td></td>
</tr>
</tbody>
</table>

Service Level

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Availability (&gt;99,5%)</td>
<td>Service Desk (06:00-19:00, 5 days)</td>
</tr>
<tr>
<td>Resilient Infrastructure (DRS site)</td>
<td></td>
</tr>
</tbody>
</table>

Payment Orders

- Customer Transfers
- Interbank Transfers
- Direct Debits

Settlement of Ancillary Systems and large value transactions

- Bdp (Banco de Portugal)
- SICOI Large value operations
- SICOI Balances
- Interbolsa
- OMIclear
SEPA and Beyond
SWIFT Services

- 8 Million messages per year
- 12 Banks
- 15 Different geographies
- 46 BICs (Business Identifier Codes)
- 365 Days per year – 24h per day
- 100% Uptime

Estimated TCO reduction for customers

-77%

SWIFT Services building blocks

- SWIFT Shared Infrastructure
- Functional and Technical Support
- Operational Support

Messages per month (over last 5 years)

Source: SIBS
# SEPA and Beyond

SEPA Migration Integrated Approach

## Participants’ Convergence and Reachability

Credit Transfer and Direct Debit legacy systems’ shutdown in 1 Feb. 2014 (SEPA End-Date)

## Services and Functionalities

## Banks and Corporate Volume Migration
SEPA and Beyond
SEPA – Services and Functionalities

**SEPA CT Services**
- Multiple processing cycles and models
- Credit risk management for Direct Participants
- Account management services (see Tax reimbursement)

**SEPA DD Services**
- SIBS’ central mandate and creditor databases allow for management over different channels (ATM network, online and mobile banking – Debtors; SIBS web portal – Creditor Banks)
- Additional services for risk an fraud mitigation
- e-Mandate - fully electronic mandate management over the Internet

**SEPA for Corporates**
- Fully standardized solution for SEPA CT and DD corporate migration
- Cost-based implementation approach
- Minimum integration efforts for Corporates and Banks