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DEAR READER

This year, the Telekurs Group is celebrating its 75th anniversary. Its significance today as an important part of the Swiss financial center infrastructure is a direct result of an ongoing evolution spanning many decades.

On July 5, 1930, a number of Zurich bankers founded the original corporation, named Ticker AG, to enable direct, real-time ticker transmission of Zurich stock exchange quotations to the bank offices. However, the banks soon anticipated the coming economic depression. Furthermore, a competitor opened its doors in Berne. Be that as it may, the board of directors was ready to liquidate the company in 1934 – only to, at a later point, decide to reorganize and redevelop instead. Ticker AG survived the crisis and war years, albeit not exactly successfully.

Only during the sixties, with the introduction of Swiss stock exchange television, did things take a turn for the better. From the company re-named Telekurs AG in 1962 emerged a small, successful service provider, based on leading-edge technology. The foundation of its significance today, though, was the startup of a powerful, new computer system in 1972. And by initiating the monitoring of the Swiss ATM network, Telekurs 1978 took the first step into the world of payment traffic. After receiving the order to develop a new teller machine called Bancomat 85, further orders followed, such as those that resulted in the development, introduction and managing of the ec and the SIC system.

The increasing significance of IT in the banking industry, as well as the integration in and involvement with the international financial and clearing systems have resulted in the importance and success of the Telekurs Group. This is also reflected in the topics chosen for this issue of ClearIT.

The ambition of Telekurs is clearly to continue its major support of the Swiss financial center and to be part of the elite in our business areas: credit and debit card business, payment traffic and finance information. By providing excellent quality at reasonable prices, Telekurs Group is strengthening its competitive position on the increasingly fought-over international financial markets. Both in Switzerland and across its borders, the Telekurs Group is serving the Swiss banks, its owners.

A handwritten signature in black ink, appearing to read 'W. Wirz'. The signature is fluid and cursive, written on a white background.

Walter Wirz,
CEO Telekurs Group

FRAUD PREVENTION – A REAL NEED FOR EDUCATION

ClearIT: Mr Brun, what exactly does the term 'fraud prevention' mean?

It defines how to prevent criminal deeds. The Swiss financial marketplace assigns great importance to security. The financial institutions owe that to their millions of customers, by whom they are trusted with over 300 billion CHF. We invest in technical security and inform our clients about possible risks inherent in handling money. Beyond that, the Swiss Post corporate security department works very closely with local and national government agencies and other financial institutions. This allows us to recognize new fraud trends early and react accordingly by developing appropriate security measures.

Armin Brun: Which areas are most at risk?

The payment traffic at Swiss financial institutions is very secure: Each year, more than 4 trillion CHF are processed through the Swiss Post channels alone. Unfortunately, it is possible for a small fraction per thousand to not reach the recipient. This is an extremely small number of payments – and it is not always a case of ill intention. There is an inherent risk whenever money is being processed or handled. This applies to cash deposits at the counter, paying for a purchase by debit or credit card,

written payment orders or paying over the Internet. I wouldn't go so far as to call it a basic danger. I perceive added risk related to written payment orders. Swiss Post maintains more than 21,000 mail drop boxes in Switzerland and in all probability, almost any one of these mailboxes could be accessed illegally.

How could such criminal acts be prevented?

It is the responsibility of Swiss Post to execute the letter processing efficiently, reliably, and for a reasonable price. More than 10 million letters are handled daily. While the letters are being transported, Swiss Post offers a certain amount of security, albeit not a guarantee. The mail processing channels are geared toward bulk processing and not toward high-value shipments. And, if someone acts with

a high level of criminal energy, they can always do damage. In order to sensitize our clients to the risks, the Swiss Post and PostFinance have introduced appropriate measures. On one side, they concern the additional security of the mail drop boxes at the post offices, and on the other, they focus on increased communication. Thus, Swiss Post will be attaching recommendation stickers to all its mail drop boxes.

Who ends up being responsible for the damages incurred?

Swiss Post is not responsible for letters that were mailed without using registered mail. However, if a PostFinance customer payment order was altered, we strive to achieve a settlement satisfactory to our customer. This generally holds true for the other financial institutions, as well.

Which communication measures have been scheduled for the immediate future?

Our customers can find the following information posted on the Swiss Post and PostFinance websites, explaining the possible dangers affecting written payment traffic:

«Swiss Post recommends that you hand in letters with payment orders directly at the post office counter or use the letterboxes at one of the 2500 post offices. Or hand the letter to your postal carrier if you have

SECURE E-BANKING

MELANI, the federal Reporting and Analysis Centre for Information Assurance, published two documents on its website (www.melani.admin.ch), providing practical advice for secure handling of the new IT and communications technologies:

- A checklist summarizing the necessary security steps on one site
- A checklist containing instructions explaining the security measures step by step



Armin Brun: «Payment traffic at PostFinance is very secure.»

Recently, bank and PostFinance customers have increasingly become victims of fraud and/or attempted fraud related to processing written payment orders. This has led to a «Security in Payment Traffic» information campaign developed by the Swiss Bankers' Association, in agreement with the member institutions and Swiss Post. ClearIT spoke with Armin Brun, Head of Business Customers of PostFinance about the current situation and the measures taken.

home-delivery service. You can also pay online; for example at www.yellownet.ch.»

PostFinance printed that same information on the statements of all of our private customers at the end of March 2005 and will repeat it in six to eight months. As an additional measure, PostFinance customers requesting written payment orders also

receive an insert that reiterates the potential for fraudulent changes.

By the middle of May 2005, the approximately 21,000 mail drop boxes in Switzerland will have been affixed with a «recommendation sticker». It lists the same suggestions that are found on the Internet and that are printed on the customer statements.

EVENT INFORMATION

«Fraud Prevention» is one of the topics at the Swiss Banking Operations Forum «Redesigning the National and International Payment Traffic». This seminar, organized by the Swiss Bankers Association, takes place on June 15, at the Kongresshaus in Zurich. More information about the program can be found at www.sba.ch.

For PostFinance, cooperation among the various partners of the Swiss financial marketplace is tremendously important. Thus, we are active participants in the governance committees Product and Marketing Committee (PAM) and Swiss Payments Council (SPC). Within the framework of these committees, we supported the Swiss Bankers Association in developing communication measures concerning security in payment traffic.

We are committed to close cooperation between the postal services, the banks and the police in order to continue to maintain security in payment traffic.

Interview: André Gsponer,
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TO PROMOTE SECURE PAYMENT PROCESSING, THE SWISS FINANCIAL INSTITUTIONS AND THE POSTAL SERVICES ARE PROVIDING THEIR CUSTOMERS THE FOLLOWING SECURITY INFORMATION:

- Account statements and written payment orders shouldn't be made available to unauthorized persons.
- Papers containing bank or card information do not belong in the trash. It is safest to use a document shredder. Minimally, though, the documents are to be destroyed by tearing or cutting them into small pieces.
- Completely fill amount fields by adding zeroes to the left of the number in order to prevent additional numbers being added.
- Take all mailings containing sensitive information (e.g. written payment orders) directly to a post office counter or drop them in a specially secured mail drop box at a post office. In counties with home delivery, letters with payment orders can be handed to the mailperson.

Source: Swiss Bankers Association

THE SEPA ROADMAP – THE PATH IS THE GOAL

The work of the European Payments Council (EPC) must be balanced between the work of the EU Commission, which is focusing on the 25 EU countries, and the European Central Bank (ECB), representing the twelve euro countries.

The EPC must prove to both institutions that the European banking industry can achieve regulatory and political goals through self-regulation.

By founding the EPC as an institution, banks have demonstrated their willingness to self-regulate, and the acceptance of the EPC roadmap during the EPC plenary meeting in

March 2005 solidified those intentions.

The EPC roadmap publicly states the context and ambitious schedule on the path to the Single Euro Payments Area (SEPA). The targets and the main focal points are based on the SEPA vision statements developed in March 2002.

In geographic terms, SEPA includes not only the 25 EU nations, but also Switzerland, Norway, Iceland, and Liechtenstein. In order to manage both contextual and scheduling challenges inherent in such an undertaking, the EPC has focused primarily on developing and implementing the SEPA standards in the twelve euro countries. This does not relieve the

other SEPA countries of constructive cooperation, and there is an expectation that those standards which go beyond existing regulations will be implemented by all in a timely fashion.

The main challenge to the EPC is the implementation of and adherence to the resolutions that have been passed. There is an implied «first mover disadvantage» perceived by the banks. This can lead to the danger that the successfully developed self-regulation will be jeopardized by inconsistent implementation.

Self-regulation will work when all participating parties support the process within the scope of their respective frameworks. This includes – in addition to the banking associations – the EU commission which is responsible for securing the corresponding general conditions. Together with the national central banks, the ECB can support the banks during the implementation on a national level.

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THE WORK OF THE EPC

Mission:

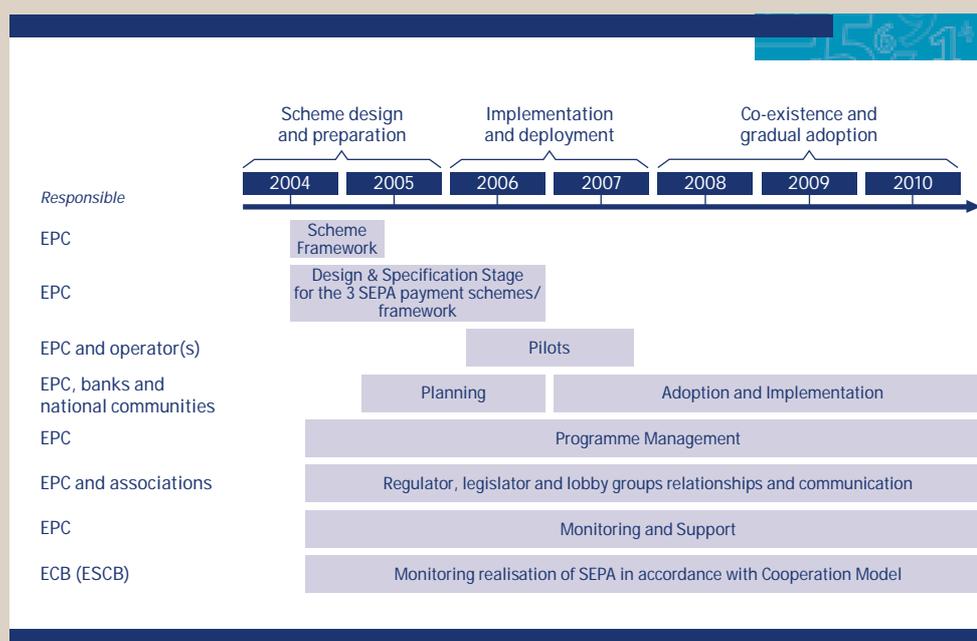
«SEPA will be the area where citizens, companies and other economic actors will be able to make and receive payments in euro, within Europe, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location.» (EPC, December 2004)

Focal Points:

Developing pan-European payment instruments in the areas of credit transfers, direct debit and cards.

The EPC Roadmap 2004 to 2010 and the EPC annual report are available at www.europeanpaymentscouncil.org/documentation.htm.

EPC SEPA SCHEDULE



Source: EPC

THE PAN-EUROPEAN DIRECT DEBIT PROCESS IS BECOMING A REALITY

The European Payments Council (EPC) is the lead committee for the Single Euro Payments Area (SEPA). One of its sub-committees, the Electronic Direct Debit Working Group, has adopted the goal of developing and implementing a pan-European direct debit scheme (PEDD scheme).

Direct debits have always been a predominantly domestic type of payments. Up to now, the potential for cross-border direct debits has been rather modest, a trend that in all probability will remain mostly unchanged for the near future. This means that a pan-European direct debit process will only reach critical mass when enough volume can be transferred on a medium-term basis from the currently existing national schemes to the PEDD scheme. According to the EPC, this goal should be attained by the year 2010.

A single scheme throughout the SEPA

According to the intention of the EPC, the PEDD scheme will become the sole direct debit scheme within the SEPA. All others are to be contained? therein. It is to focus exclusively on the euro. This means that between the creditor's bank and the debtor's

EPC

The previous ClearIT, issue 23, offered a short insight into the current European Payments Council (EPC) organization. This article focuses on one of the three EPC subcommittees with current Swiss bank representation.

bank, transactions are only to be processed and settled in euro. The PEDD process is to provide banks with the framework to develop products for direct debit processing for their customers. It is based on these four cornerstones: creditor, creditor's bank, debtor's bank and debtor. An organization to be formed under the EPC umbrella is supposed to act as the owner of the process; it will be responsible for the maintenance and further development of the PEDD scheme. This organization could also act as a monitoring and arbitrating body and be responsible for enforcing adherence to the scheme rules by the participating banks and creditors. The EPC does not want to act as the system operator; it wants to offer this role to providers on the open market. These providers should also be responsible for the development and the marketing of their services. This results in the European banks being able to select among several providers of direct debit clearing services.

Evolution instead of revolution

The subcommittee consciously opted to forego attempting to fuse the more than twenty direct debit schemes currently in use across Europe, and instead decided to develop and esta-

lish an independent, new payment instrument. Obviously, constraints existing in the national schemes, and the investments linked to those schemes determine that the PEDD process rely heavily on existing and proven processes. Thus: evolution instead of revolution. At the same time, the new process must do justice to technical achievements and remain open for future developments.

Currently, a detailed framework of rules and regulations is in progress; it is scheduled to be finished by the end of this year. The first direct debits using the new process are expected at the beginning of 2008.

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EVENT INFORMATION

«Current Developments in Europe» from the perspective of the EPC is one of the topics at the Swiss Banking Operations Forum «Redesigning the National and International Payment Traffic». This seminar, organized by the Swiss Bankers Association, takes place on June 15, at the Kongresshaus in Zurich. More information about the program can be found at www.sba.ch.

swissDIGIN – AN INITIATIVE TO FOSTER EBPP BETWEEN ORGANIZATIONS

One year ago, eight major Swiss businesses together with the three leading EBPP service providers, under the auspices of the University of Applied Sciences Basel (FHBB), started the swissDIGIN initiative. The results have achieved extensive recognition, both nationally and internationally.

According to PostFinance, close to 300 million invoices are issued to companies and businesses each year. Processing these incoming bills generates tremendous costs without providing any direct added value. In order to streamline these processes, large corporations and their suppliers are therefore increasingly demanding their invoices in an electronic format. The reconciliation of invoices is resolved differently at different companies, translating to varying requirements regarding the invoice content.

swissDIGIN contents standard

For suppliers, this heterogeneity creates a steep hurdle on their way to electronic bill exchange with their corporate customers. This prompted ABB, Baloise, Bühler, RUAG, SBB, Swisscom, Syngenta and UBS to coordinate among themselves, within the framework of the swissDIGIN (Swiss digital invoice) project spearheaded by the FHBB.

The jointly developed swissDIGIN standard unifies the content requirements and also takes into consideration tax regulations. It is a useful auxiliary to the fine-tuning of required invoice content between business partners. This is an important

step to carry out before the technical details are regulated.

The prominent EBPP service providers – PayNet, PostFinance and Swisscom IT – actively participated in developing and promoting the standard, and are committed to it. The UNECE (United Nations Economic Commission for Europe) launched a similar international initiative using the swissDIGIN standard as a basis for discussion.

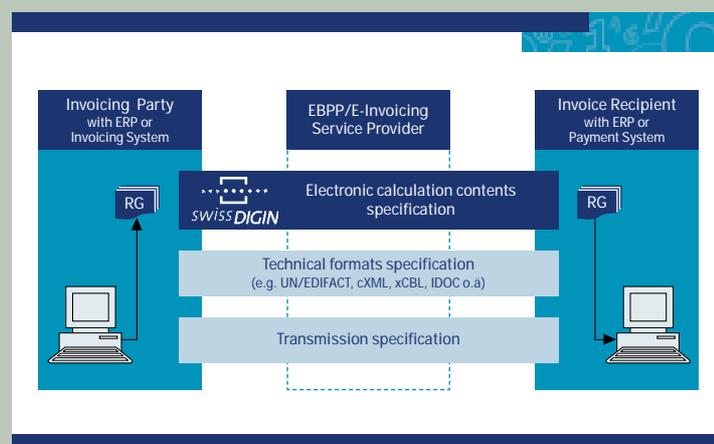
Manual and website

As an addition and to complement the standard a manual was created to answer common questions about electronic bills exchange. This manual can be requested free of charge over the Internet

at www.swissdigin.ch (available only in German). On that same website, the contents standard is available for download, as well as further information about EBPP and E-Invoicing. The swissDIGIN initiative is financially supported by the Commission for Technology and Innovation (CTI) of the federal Office for Vocational Training and Technology (BBT).

Christian Tanner,
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THE swissDIGIN STANDARD DESIGNED TO SERVE THE CONTENT BETWEEN THE PARTIES INVOLVED



Source: IAB/FHBB

CLS SPANS THE GLOBE

Since September 2002, the Continuous Linked Settlement (CLS) system has been operating to ensure secure foreign exchange transaction processing. During the first quarter of 2005, the daily average volume processed was approximately 1,819 billion US dollars.

CLS is a payment system that permits simultaneous processing of foreign exchange transactions on a payment versus payment (PvP) basis. The CLS bank maintains an account at each central bank that participates in real-time payment system currencies. Transaction debits and credits by and/or to the participants occur via the various Real Time Gross Settlement (RTGS) systems to the corresponding central bank accounts. While the processing is executed on a gross basis, a multilateral netting process is being used for debits and credits coming due. This mixed process both enhances liquidity and simultaneously eliminates the credit risk and – at least in part – the liquidity risk.

Facts and figures

Fifteen different currencies are being processed via CLS since December 2004. At the end of March 2005, 58 settlement members participated directly in CLS. At the same time, these members are shareholders and process some transactions for third parties. In addition, 400 third-party participants are connected indirectly to CLS via a settlement member. 40 of those, or 10%, are from Switzerland. The three Swiss settlement members (UBS, CSG, ZKB) turn out to be very active third-party business market participants as a whole, and they are processing for foreign banks as well.

Ever since the start, the volume processed through CLS, as well as the number of instructions have continually increased, amounting to an average of 1,819 billion US dollars or 180,906 instructions per day during the first quarter of 2005. The CHF volume developed in parallel with the entire market and amounted to a daily average of 99 billion CHF, or 9,600 instructions during that same period. This represents a share of roughly 5% of the entire turnover. By far the largest share is made up of the US dollar, which is involved in over 80% of all foreign exchange transactions processed through CLS. With all that, the liquidity demands on the participants are relatively low. Only slightly more than 2% of the entire volume processed is actually ever deposited by the participants or paid out to them.

CLS market permeation

According to BIS findings, in April 2004 the market share in CLS turnover of the entire foreign exchange transaction market amounted to approximately 22%, with the CHF share of CLS transactions of the entire CHF foreign exchange transaction market at 30%. However, these values are to be accepted with caution for a number of reasons. First, the turnover in CLS has increased by approximately 50% since April 2004. Second, the foreign exchange turn-

PARTICIPATING CURRENCIES

Since September 2002:

US Dollar, Euro, Japanese Yen, British Pound, Swiss Frank, Australian Dollar, Canadian Dollar

Since September 2003:

Singapore Dollar, Swedish Crown, Norwegian Crown, Danish Crown,

Since September 2004:

Hong Kong Dollar, New Zealand Dollar, South African Rand, South Korean Won

over findings used for the calculations of market share have various statistical flaws, making a direct comparison with the CLS processing numbers difficult. Third, with a few exceptions, «same-day-next-day swaps» cannot be processed through CLS. Fourth, in calculating the market share it was not taken into consideration that part of the foreign exchange transactions is still netted bilaterally, while, on the other hand, other transactions are processed «on-us». In all probability, these latter transactions will not be processed through CLS in the future, either. And while no information about the amount of bilateral netting, «same-day-next-day swaps» or the «on-us» transactions is available, it can be assumed that the market share for the transactions

potentially suitable for CLS is significantly higher.

Good operational performance

The operational reliability and stability of this systemically relevant foreign exchange processing system is of considerable significance to the stability of the entire global financial system. All in all, the CLS system continues to operate reliably and with stability thus far. Over the past two and a half years, aside from small glitches resulting in slight processing delays, there were only two incidents where not all instructions could be completed by the end of the processing day. In both cases, the unfinished instructions were processed the very next day.

Cooperative monitoring by the central banks

National Bank regulations that became law as of May 2004 refer to, among other things, payment and securities processing systems that are located abroad but are relevant for Switzerland. These systems are excluded from needing to meet certain minimal requirements if they are both monitored the same as those located in Switzerland, and the cor-

responding foreign government offices are willing to cooperate with the Swiss National Bank. With CLS, both requirements are met. The overseeing of CLS, executed to the satisfaction of all participating National Banks, is in the form of a «cooperative oversight». The Federal Reserve acts as the lead overseer and coordinates its activities with all the other participating central banks. In turn, a CPSS subcommittee monitoring group has been installed by BIS. It consists of the central bank representatives from the participating currencies.

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GLOSSARY

Bilateral Netting: Agreement between two parties to settle their bilateral debits and credits directly.

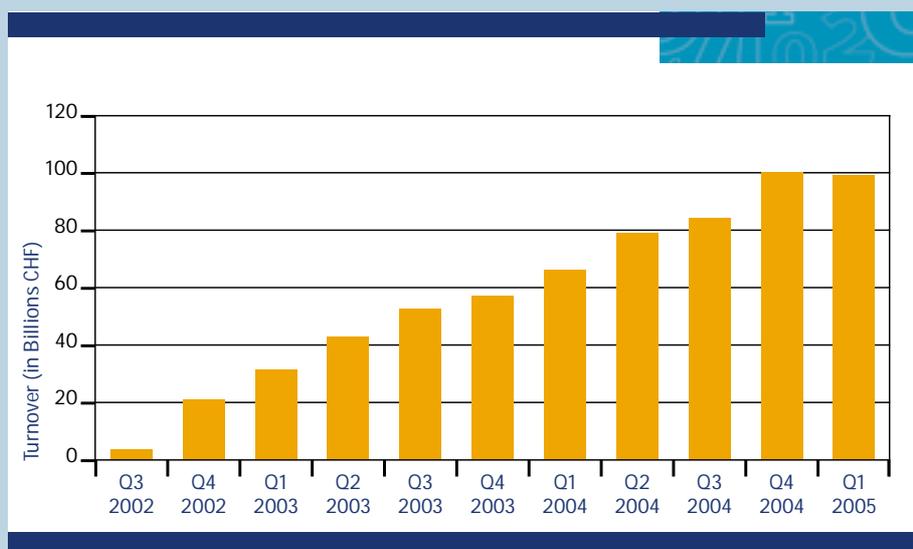
Multilateral Netting: Agreement between three or more parties to settle their respective debits and debits.

BIS: Bank for International Settlement, the bank for the Central Banks.

CPSS: The Committee on Payment and Settlement Systems, founded in 1990, serves as a forum for the Central Banks from the G10 countries to monitor and analyze the developments in the area of payment, processing, clearing, and cross-border multi-currency processing systems.

«on-us» settlement: foreign exchange transactions by (correspondence) customers or branches of a bank which are processed directly in their own books.

AVERAGE TURNOVER CHF TRANSACTIONS



Source: SNB

LSV⁺ – CREDIT SUISSE'S CUSTOMER-ORIENTED SOLUTION

When the Swiss Interbank Clearing Ltd. board of directors passed the LSV⁺ detailed concept in March 2004, the signal was given to start the project of implementing LSV⁺ at Credit Suisse. Credit Suisse had decided to offer the future processing of LSV⁺ transactions through its own channels. This allowed Credit Suisse to further pursue and expand the two main strategic goals – customer orientation and increased efficiency.

Credit Suisse, as one of the Swiss financial center's major players in the area of direct debit, will be offering two bank-proprietary channels in future:

- DirectNet: an online-based interface, especially well suited to companies with small and medium-sized payment traffic volumes
- DirectLink: a multi-bank-capable interface, geared toward companies with bulk payments and to the transfer of larger data files for batch processing.

Project areas

The strategic decision to handle the receipt and processing of LSV⁺ files directly at Credit Suisse resulted in extensive implementation measures in the following areas:

- Product design and contract design
- Process structuring

- Marketing and communication
- IT

Originally, customer demands had to be surveyed. By involving all relevant stakeholders (e.g. front offices, product and segment management) Credit Suisse was able to determine and define the exact product design on both channels.

Based on the product design, many operating procedures were elicited and adapted by the process management centers.

At the same time, it was possible to describe the system design and performance from a business perspective with the use of «Use Cases». Building on that, IT developed the system specifications.

The legal department was called upon to determine which contracts and legal framework conditions had to be developed for the use of LSV⁺.

Credit Suisse has already informed

its direct debit customers and customer service staff and sensitized them to the use of LSV⁺. Additional marketing and communication activities have been initiated.

From business demands to IT solution

IT specialists at Credit Suisse defined the technical solutions, taking into consideration the business demands elicited and established and the «LSV⁺ Guidelines for financial institutions», authored by Swiss Interbank Clearing. Subsequently, the detailed design – including the system architecture and system use cases derived from the business use cases – was developed in cooperation with an Indian partner company in December 2004. In January 2005, the Indian IT architects, together with the Credit Suisse specialists, developed the detailed specifications.

In April 2005, the first application components of the Credit Suisse LSV⁺ solution programmed in Bangalore

underwent a quality review by the CS IT specialists. At that point in time, the user codes submitted were already being put through several quality reviews by the offshore partner, followed by the first unit tests at Credit Suisse.

Integration tests and then production and acceptance tests are scheduled to start in July 2005, before the acceptance test by Swiss Interbank Clearing takes place.

The Credit Suisse LSV⁺ solution will be ready for actual new LSV⁺ customer data processing in early September. The migration of the Credit Suisse customers will occur after the official changeover of the Swiss banking market to the new direct debit process. Starting on November 11, 2005, Credit Suisse customers will be able to submit their LSV⁺ orders via the two CS proprietary channels DirectNet and DirectLink.

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LSV⁺ – QUICK REFERENCE GUIDE

At the www.sic.ch website, the following organizations offer information on questions about LSV⁺:

Under «FINANCIAL INSTITUTIONS → LSV⁺» you will find an overview of the advantages, functions and target groups of LSV⁺ as well as the following documents for downloading:

- The «LSV⁺ Guidelines for financial institutions» (password-protected link to the Extranet, navigation position «Handbooks → LSV⁺»): focuses on the overall process and on interbank issues (interfaces between the financial institutions (FI) as well as between FI and Swiss Interbank Clearing Ltd. [SIC Ltd.], invoicing of the service, testing, etc.). Delivery-related information is detailed in the «LSV⁺ Guidelines for creditors», which do not refer to the SIC and euroSIC specifications.
- The «LSV⁺ Guidelines for creditors» describe the overall process from the creditor's (CR) perspective as well as the relationship of the CR to his FI or to SIC Ltd. The Guidelines addressing the CR have to be complemented by CR-FI-specific LSV⁺ parameters.

At the Swiss Interbank Clearing Extranet, the following documents can also be found under «Handbooks → LSV⁺»:

- «Checklist for migration from the current LSV to LSV⁺». This document provides the FI with important information such as how to deal with the parallel operation and tests as well as how to appropriately communicate with CR.
- The «Specifications for SIC/euroSIC, Release 2.0 of 11 November 2005» describe MT D10, L58, L88, L89, all new or changed fields, batch and MINI-SIC rules.

Under «COMPANIES → Direct debits», there are a number of FAQ's from the perspective of the payment recipient.

A chronological list of communication focusing on LSV⁺ (incl. links to circulars and attachments) can be located at «NEWS → Projects → Redirection LSV/DTA».

Questions may also be addressed directly to our information desk (Monday to Friday, 8 am to 5 pm):

Operation Center SIC, telephone: +41 44 279 48 00; Fax: +41 44 279 43 77; e-mail: lsv@sic.ch.

Swiss Interbank Clearing Ltd.

TELEKURS GROUP CELEBRATE 75 YEARS – DATA PROVIDER AND PIONEER OF MODERN PAYMENT TRANSACTIONS

With 1,800 employees and a healthy financial balance, the Telekurs Group today is a successful joint venture of the Swiss banking system as well as a driver of innovation in payment transactions.

Telekurs is active in the fields of card-based payment transactions, electronic payment systems and international financial information. Approximately 45 billion francs in payments are settled annually through Swiss Interbank Clearing (SIC). Telekurs also processes 150 million ATM withdrawals each year as well as nearly 220 million electronic card payments, thus facilitating cashless paying at around 100,000 points of sale throughout Switzerland. It also operates a database in which over two million financial instruments are documented.

From Ticker AG to stock exchange television

It all began with an idea that arose along with the stock exchange euphoria of the 1920's. On July 5, 1930, a small company named Ticker AG was founded in Zurich to transmit financial information. Founded in difficult times, the company counted just twenty subscribers and tallied up losses in its first year of operation. «Black Friday», the historic stock exchange crash of 1929, had shaken the world just months earlier. It was followed by a long period of economic depression and then war. It was not until the 1950's that new life

was breathed into the company. In 1962, it oversaw the introduction of the world's first television broadcast of a stock exchange. It proved itself both commercially and in terms of innovation under the name «Telekurs AG». Introduced along with the stock exchange television program was a telex service for the transmission of stock exchange quotations throughout Switzerland. At the same time, Telekurs invested in the creation of a large database containing financial instruments for banks, investment advisors and securities administrators. Financial information remains one of Telekurs' core businesses today, one which has since expanded to activities in over ten countries.

Innovative platform for joint tasks

Attracted by Telekurs' technical competence, over the years the Swiss banks have increasingly also entrusted Telekurs with joint projects and tasks. Telekurs has incrementally assumed the role of general contractor for the development, marketing and operation of the Swiss banking system services.

As a national identification number agency and as the company in charge of the «Titelbulletin», they took on duties that had previously been

looked after by the individual banks in an expensive and redundant manner. The Boards of Directors of Telekurs and the Swiss Bankers Association decided in 1980 to concentrate existing and future joint interbank projects within Telekurs.

The company was entrusted with the development and operation of bank clearing, which is the organization of payment and settlement traffic between the banks through sight deposit accounts at the Swiss National Bank. This service, called SIC, has since 1987 counted among the most economically important for Switzerland. Each day around 170 billion francs are transferred between the banks on this platform. This opened the door to the world of cashless payment transactions. With the launch of the euro, euroSIC began operation in 1999 for national and cross-border euro payments.

Organization of cashless paying

By the mid-eighties Telekurs took on the central monitoring of the ATM system, eurocheque processing, the Eurocard credit card business as well as the development and dissemination of ec-Direct. This introduced a Swiss-wide system of cashless paying that considerably contributed to

Swiss Interbank Clearing

the convenience of everyday life for millions of people, including travelers. Cash withdrawals at ATM's throughout Europe became possible in 1990, and the Maestro function introduced in 1998 enabled the use of bank cards throughout the world. With the organization of reliable cashless payment transactions with a sensible system of debit card and credit cards, Telekurs created the conditions for an upsurge of cashless paying in Switzerland.

While cashless paying has become commonplace today, paperless billing is just beginning. Telekurs is working intensively along with banks and billers on its proliferation.

The magic word here is PayNet, which combines the sending and receiving of bills and the electronic payment thereof.

The future in international competition

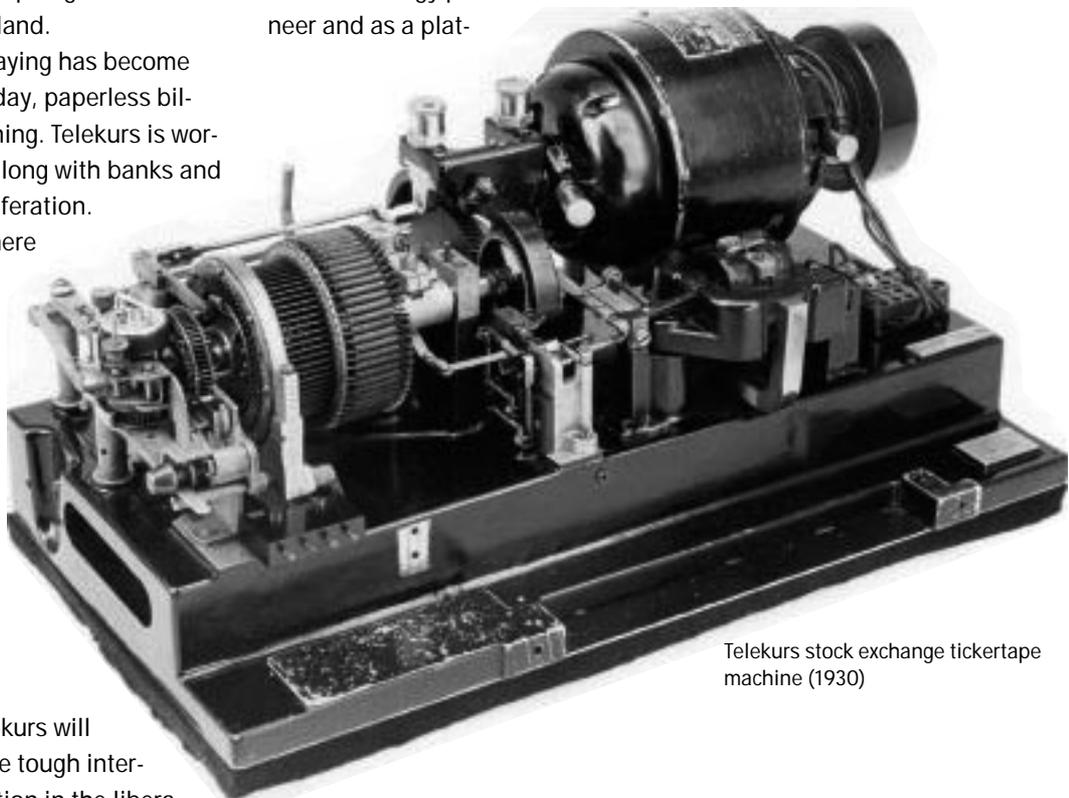
In the future, Telekurs will strive to overcome tough international competition in the liberalized banking market. However, based on its previous performance, it

is sure to master this challenge. It applies consistent principles to the three strategic business fields of card-based payment means, electronic payment systems and financial information: offer customers solutions to problems that provide an added advantage; increase processing volumes in order to reduce unit costs; and make the competitiveness thus achieved even more exportable.

As a technology pioneer and as a plat-

form for the management of successful joint projects, Telekurs has all it takes to continue to be a pillar of the financial center Switzerland for many years to come.

Karl Lüönd,
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«75 years Telekurs Group»
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Telekurs stock exchange tickertape machine (1930)



At the anniversary General Meeting of Telekurs Holding on May 18, 2005, Jean-Pierre Roth, Chairman of the Governing Board of the Swiss National Bank conversing with Pierre G. Mirabaud, Chairman of the Swiss Bankers Association (right). In the second row, right: André Bamat, CEO of Swiss Interbank Clearing Ltd.

MASTHEAD

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Additional information about the Swiss payment traffic systems can be found on the Internet at www.sic.ch.