

# TRANSFOND

ANNUAL  
REPORT

2022



**Time is of the essence.**



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RAPORT ANUAL 2022

# TRANSFOND

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# ABBREVIATIONS

**TRANSFOND**

<b>AliasPay</b>	Payment initiation service using the recipient's phone number instead of the IBAN
<b>e-Arhiv@</b>	TRANSFOND Electronic Documents Archiving Service
<b>e-Factur@</b>	TRANSFOND Electronic Invoicing Service
<b>RO e-Factura</b>	National System regarding the electronic invoice
<b>ReGIS</b>	Real Time Electronic Gross Interbank Settlement - Real time gross settlement system for large value or urgent payments in lei (in excess of 50.000 lei), provided by NBR
<b>SaFIR</b>	Settlement and Financial Instruments Registration - Government securities depository and settlement system, provided by NBR
<b>SCT</b>	SEPA Credit Transfer
<b>SCTInst</b>	SEPA Instant Credit Transfer
<b>SDD</b>	SEPA Direct Debit
<b>SENT</b>	Electronic System for Net basis settlement of TRANSFOND- Automated Clearing House (the electronic system for the processing of low value payments, less than 50,000 RON), provided by TRANSFOND
<b>EPS</b>	Electronic Payments System
<b>SEPA</b>	Single Euro Payment Area
<b>TRANSFOND</b>	The Company for Funds Transfer and Settlement – TRANSFOND S.A.





# 01

MESSAGE FROM  
THE DIRECTOR  
GENERAL



## MESSAGE FROM THE DIRECTOR GENERAL

TRANSFOND's activity, as an important part of the operation of the domestic banking system, constantly aims to maintain the highest quality levels in the operation of the interbank payment infrastructure, as well as its adjustment to European operating standards.

Throughout 2022, the SENT Clearing House registered a positive evolution of processed payments volumes, against the background of digital services usage intensification in general, including electronic payments. The company's activity was carried out under conditions of high performance and maximum security of the services provided, while also ensuring economic efficiency and profitability.

As a novelty and diversification element, in 2022, in collaboration with the Romanian Association of Banks, TRANSFOND launched a new service - SANB (Beneficiary Name Display Service; i.e. Confirmation of Payee), through which banks in Romania offer customers a new facility to verify the identity of the real beneficiary of the payment, with the aim of preventing fraud among customers making electronic payments and reducing erroneous transactions generated by incorrect entry of the beneficiary's IBAN account.

Also, in 2022, in terms of performance, the Instant Payments service increased more than 4 times in terms of volumes compared to 2021, which demonstrates both the attractiveness of the service to end consumers, its efficiency, ease of use, and local market for payment services growth, which evolves according to retail payments trends recorded at European and global level. By the end of 2022, the service covered approximately 65% of the total banking market, a percentage measured from the perspective of assets, with the prospect of expanding to cover 80% of it in 2023.

At the same time, as of 2023, TRANSFOND, together with banks and the Romanian Association of Banks, aims to offer the RoPay service - a reliable, attractive electronic payment initiation model of the highest standard in the field, at low prices. This new mobile payment initiation service - usable in various payment situations (including P2M - merchant payment, P2ECommerce - online commerce payment) will be based on real-time interbank account-to-account (A2A - account to account) payments, with instant settlement in the beneficiary's bank account and will use a QR code standard adopted by the banking community and compatible with the European reference standard. Through RoPay, instant payments may be initiated both between accounts at different banks and between accounts at the same bank.

The RoPay project will be implemented together with the Romanian Association of Banks and commercial banks and is being perceived as an alternative to cash payment and complementary to card payment, with elements that define the banks' vision regarding retail payments developments for the coming years in Romania.

TRANSFOND will remain a reliable partner of the financial community and, together with the banks, will develop payments infrastructure and electronic operations to constantly follow the latest trends and standards in the field, for the benefit of all participants in the Romanian economy - end consumers, financial institutions, companies, and authorities.

**Sabin Carantină**

General Director







# 02

THE COMPANY'S  
STRATEGIC  
PERSPECTIVE





## VISION

TRANSFOND aims to be the main partner of the Romanian banking community in the field of payments and additional or complementary services for interbank retail payments, making the best use of the infrastructure and know-how at its disposal.

## MISSION

In accordance with the requirements of NBR Regulation No. 3/2018 on the monitoring of financial market infrastructures and payment instruments, and subsequent amendments and additions, TRANSFOND's mission is to:

- ensure the safety and efficiency of the Automated Clearing House of retail interbank payments.
- support financial stability in the broadest sense, in the public interest, including taking into account the needs of all parties involved and relevant to the Automated Clearing House (National Bank of Romania, direct and indirect participants, and end users of retail payment services).
- participate in the development of the local retail payments market as a whole.

## VALUES

### Integrity, respect and equal opportunities

We act with integrity and fairness in everything we do, complying with applicable legal provisions in force and the company's anti-corruption policy, showing respect to team members, customers, partners and suppliers. Equality of opportunity is a fundamental value promoted by TRANSFOND through the application of a specific policy, that promotes the consideration of employees and partners, regardless of gender, age, ethnic origin, religion, disability, political choice, or social origin, promoting their equal treatment.

### Customer orientation

We use our resources to understand and meet the needs of our customers. We take responsibility for our customers, and for the environment in which we operate.

### Teamwork

We encourage and recognize teamwork, mutual support of efforts within the team, the willingness of our employees to work together, and the unconditional support of colleagues who ask for it to resolve situations they face. All employees are encouraged to share their knowledge and experience, their own opinions and ideas within the company. We all celebrate individual and collective successes.

### Flexibility and dynamism

We adapt our internal regulations, procedures, programmes and actions to the needs of our customer and the market, and to changes in technology and legislation.

### Innovation

We encourage and value the creativity of our employees and consider innovative ideas for development.

### Credibility

We keep our promises to our customers and partners.

### Respect for the environment

TRANSFOND invests in environmentally - friendly technologies and practices that reduce our impact on the environment, by largely avoiding the use of paper and paper - related processes (transport, packaging, storage, archiving, etc.). The promotion of these principles is achieved through the environmental policies of the company and its employees.

### Corporate social responsibility

The company carries out support activities, prioritising the areas of social solidarity, financial education, improving the quality of the medical act (Law No. 185/2017) on quality assurance in the healthcare in Romania, as well as the area of culture, in line with the social responsibility policy adopted by the company.





# 03

## ORGANISATION AND GOVERNANCE



# 03

## SHAREHOLDERS

- 1 BANCA NAȚIONALĂ A ROMÂNIEI
- 2 BANCA TRANSILVANIA
- 3 UNICREDIT BANK
- 4 PATRIA BANK
- 5 BANCA DE EXPORT IMPORT A ROMÂNIEI EXIMBANK
- 6 BRD - GROUPE SOCIÉTÉ GÉNÉRALE
- 7 RAIFFEISEN BANK
- 8 BANCA COMERCIALĂ ROMÂNĂ
- 8 ALPHA BANK ROMÂNIA
- 10 ING BANK
- 11 CEC BANK
- 12 LIBRA INTERNET BANK
- 13 FIRST BANK
- 14 BANQUE BANORIENT FRANCE
- 15 VISTA BANK
- 16 INTESA SANPAOLO ROMÂNIA
- 17 CREDIT EUROPE BANK
- 18 CITIBANK ROMÂNIA PLC
- 19 IDEA::BANK



**THE BOARD OF DIRECTORS**

Dan Costin Nițescu  
**President**

Radu Grațian Ghețea  
**Vicepresident**

Leontin Toderici  
**Vicepresident**

**MEMBERS**

Gabriela Mihailovici

Elena Georgescu

Mihai Bogza

Dan Corneliu Pascariu

Mișu Negrițoiu

Doru Bebe Bulată

**EXECUTIVE MANAGEMENT**

Sabin Carantină  
**Chief Executive**

Mirela Rațiu  
**Deputy Chief Executive Officer**





## CORPORATE GOVERNANCE. AUTOMATED CLEARING HOUSE SUPERVISION AND MONITORING

TRANSFOND believes that a solid management mechanism maximizes the company's ability to ensure the stability of the Automated Clearing House system for low-value interbank payments (non-card retail payments), as well as to diversify and improve the quality of the services offered, for the benefit of the company's shareholders and customers.

TRANSFOND's governance mechanisms comply with the provisions of *NBR Regulation No. 3/2018 on the monitoring of financial market infrastructures and payment instruments*, with subsequent amendments and additions. At the same time, TRANSFOND is an organisation that operates in accordance with the Commercial Companies Law No. 31/1990, with all subsequent amendments and supplements, under the leadership of its shareholders. Under the Articles of Association of the company (Art. 1, par. 2), its shareholders can only be credit institutions subject to banking legislation, alongside the central bank.

Every 4 years, the shareholders nominate and elect a Board of Directors made up of 9 members - individuals, representing *intuitu personae* each and all shareholders of the company.

The Board of Directors governs the company's activities and, together with the Executive Board, has the role and responsibility of establishing and following the objectives of stability and continuity of the SENT system, in accordance with applicable laws and regulations, as well as the development of new related services, under the conditions of effective risk management.

The value of TRANSFOND's management mechanism is reflected in the deeds recorded in the provision of interbank electronic payment services, in the ability to develop and diversify TRANSFOND's activity and, last but not least, in its financial results.

## SOCIAL RESPONSIBILITY

For TRANSFOND, social responsibility is a natural concern.

Thus, in 2022, the company continued to be involved in community by supporting children's homes, in some cases supporting the provision of special medical assistance, and in supporting some cultural projects.







# 04

## FINANCIAL STATEMENTS



## ANNUAL BALANCE SHEET

As Of 31 Of December 2022 Lei

<b>Assets</b>	
Fixed assets	24.210.825
Intangible fixed assets	1.634.179
Tangible fixed assets	22.518.746
Financial fixed assets	57.900
Current assets	67.413.600
Stocks	90.693
Receivables	10.673.815
Short term financial investments	0
Cash and accounts in banks	56.649.092
Pre-paid expenses	3.289.336
<b>Liabilities</b>	
Debts payable within one year	6.540.670
Debts payable within a period exceeding one year	0
Provisions for contingent charges	5.616.402
Pre-paid income	29.756
Capitals	82.726.933

## PROFIT AND LOSS ACCOUNT

As Of 31 Of December 2022 Lei

<b>Total income</b>	104.998.779
Operating income	102.516.706
Financial income	2.482.073
<b>Total expenditure</b>	50.961.741
Operating expenses	50.930.310
Financial expenses	31.431
<b>Gross results</b>	54.037.038
Income tax	8.065.682
<b>Net profit for the financial year</b>	45.971.356





05

# 05

RISK, SECURITY,  
OPERATIONAL  
CONTINUITY AND  
QUALITY





## RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL

Risk management is an integral part of all decision-making and business processes within the company. For this purpose, the risks to which the company's activity is or may be exposed, and which may affect the achievement of its objectives, are analysed and monitored, and measures are taken to minimise these risks so that they can be kept under control.

During the first half of 2022, a global risk analysis was conducted – an annual undertaking. Following this analysis, it was concluded that, by applying control measures, TRANSFOND falls into the category of companies that have low risk in the short-term and moderate risk in the medium and long-term.

In addition, specific risk analyses were carried out in the first half of the year (e.g., updating the Recovery Plan and/or proper liquidation to comply with NBR Regulation No. 3/2018).

During the second half of 2022, a (semi-annual) analysis of the company's risks was carried out, focusing on TRANSFOND's strategic objectives. Following this analysis, it was concluded that TRANSFOND falls into the category of companies with low risk in the short term and moderate risk in the medium and long - term through the application of control measures.

In 2022, the entire procedural framework in the area of risks was reviewed and updated (General Risk Management Policy and Risk Management Methodology).

## INFORMATION SECURITY MANAGEMENT SYSTEM

In the period 30.03 - 01.04.2022, the Information Security Management System (ISMS) surveillance audit II took place, culminating in an audit report in which the auditors found compliance with the ISO 27001:2013 standard and proposed that the certification body maintain certification for the next year until the recertification audit.

Maintaining ISMS certification provides assurance that best practises have been applied in the planning, installation, configuration, use and maintenance of information systems.

During 2022, the entire procedural framework related to information security was reviewed and updated (General Information Security Policy, Specific Policies, Information Security Roles and Responsibilities, Cyber Resilience Strategy, etc.).





## OPERATIONAL CONTINUITY MANAGEMENT SYSTEM

The process of improving the business continuity management system and updating the business continuity plan is ongoing. Thus, in the first half of 2022, the continuity plan documents were updated.

In the second half of 2022, the annual test of the Business Continuity Plan was carried out for the SENT, e-Arhiv@ and e-Factur@ systems.

The test for the SENT system took place on 02.11.2022. The exercise was successful, as all the proposed objectives were achieved.

The e-Arhiv@ system was tested in the production environment in the period 15-17.11.2022. This exercise was also completed successfully.

For the e-Factur@ system, the test was carried out on 09.11.2022, in the production environment. The continuity exercise was an integrated (technical and operational) exercise for this system, and was also passed successfully.

## QUALITY MANAGEMENT SYSTEM

In the period 17.05 - 18.05.2022, the supervision audit I of the Quality Management System (QMS) was conducted by the certification body SC INTERTEK LABTEST SRL, with accreditation from UKAS (The United Kingdom Accreditation Service), and was concluded with a report stating no non-conformities or observations, allowing the company to maintain its QMS certification until the surveillance audit II. TRANSFOND has held this certification since 2009.

The maintenance of the management systems, quality and information security certification represents the culmination of the efforts of the entire organisation in providing the best quality services to its customers and in expressing its competence in offering value to all interested parties: customers, shareholders, employees, suppliers and the community.





06

THE  
COMPANY'S  
ACTIVITY





## AUTOMATED CLEARING HOUSE – SENT

The objective of establishing TRANSFOND, in 2000, was the development and technical operation of the Electronic Payment System (EPS) in Romania. It was launched in 2005, in three stages, for the three components (the Automated Clearing House - SENT, the Real - time Gross Settlement System - ReGIS and the System for Registration and Settlement of State Securities Operations - Sapphire). The SENT system has been managed and operated by TRANSFOND since the year when EPS became operational, while the management and operation of the ReGIS and SaFIR systems has been fully ensured by the National Bank of Romania since March 2018.

In over 18 years of uninterrupted activity at the heart of the Romanian banking community, TRANSFOND's SENT system has continuously developed to adopt European payment standards, and to meet the requirements and needs of current and future payment institutions - in preparation for the scenario of adopting the single currency – the Euro.

Thus, in November 2012, TRANSFOND launched its service for the processing of payment orders in SEPA format, in local currency, and in December 2013, the company launched the Multiple Payments Component in Euro of the SENT system, intended for the processing of national and cross-border payments in European currency, with settlement in the TARGET2 system, at the same commission level as for the Multiple Payments Component in Lei (0.51 lei/payment and 0 lei/collection).

Subsequently, in April 2016, the processing of Direct Debits in SEPA format in national currency (SDD) came into operation. SENT processing of direct debits in SEPA format includes an additional central administration service for interbank direct debit mandates - RUM. In addition, TRANSFOND provides end - users with an application for issuing direct debit mandates - AM. Also, in April 2019, TRANSFOND launched the Instant Payments Component in Lei within the SENT system.

In September 2020, TRANSFOND launched AliasPay, a service related to the payment types already offered within the SENT system - through which consumers and clients of payment service providers participating in the Clearing House can initiate very simple payments between two accounts opened at institutions with different credit cards (service participants), by simply using the payee's mobile phone number. The first participants of this AliasPay service became operational in March 2021.

Since November 2022, TRANSFOND has made the SANB - Beneficiary Name Display Service (Confirmation of Payee) available to Romanian banks. With this service, financial and banking institutions can implement a secure mechanism to prevent payment fraud by verifying the identity of the beneficiary (holder of a specific IBAN) before or at the time the payer initiates the payment.

For more points of reference in the development of the SENT system managed by TRANSFOND, see the following table.





# TIMELINE

<b>2000 (July)</b>	The banks of the Romanian banking community and NBR, in accordance with the commitments they made in the process of the accession to the European Union and the application of the PSAL II Agreement with the World Bank, establish the Fund Transfer and Settlement Company - TRANSFOND SA, which undertakes the role of operator of the interbank payment system.
<b>2001 (May)</b>	The outsourcing of payments from the NBR to TRANSFOND becomes operational (with the exception of fund transfers for the State Treasury).
<b>2002 (November)</b>	The delegation of the European Commission in Bucharest completes the procedures specific to the PHARE projects, so that the Romanian side can start the implementation phase of the EPS (Electronic Payment System) project. The project begins in coordination with the National Bank of Romania and with the implementation of TRANSFOND.
<b>2003 (September)</b>	The State Treasury becomes a participant in the payment system operated by TRANSFOND.
<b>2005 (April)</b>	The ReGIS component of EPS becomes operational.
<b>2005 (May)</b>	The SENT component of EPS becomes operational.
<b>2005 (October)</b>	The SaFIR component of EPS becomes operational.
<b>2008 (October)</b>	The SENT component for the electronic processing of Interbank Debit Instruments (cheques, bills of exchange and promissory notes) becomes operational.
<b>2012 (November)</b>	The service for processing payment orders in lei, in SEPA format, becomes operational at the SENT system level.
<b>2013 (December)</b>	The Multiple Payments in Euro component of the SENT system becomes operational – it is intended for the processing of payment orders in European currency with settlement in the TARGET2 system.
<b>2016 (April)</b>	The SENT system, the interbank Direct Debit processing service in SEPA format is put into operation together with the additional RUM service.
<b>2018 (March)</b>	The technical operation of the ReGIS and SaFIR systems is provided by to the National Bank of Romania.
<b>2019 (April)</b>	The Instant Payments service in national currency is launched within the SENT system.
<b>2020 (September)</b>	The additional AliasPay service of the SENT system is launched - SPL (Standardized Proxy Lookup) an add-on application, that enables payments to be initiated via mobile devices, requiring only the beneficiary's mobile phone number, instead of their IBAN.
<b>2022 (November)</b>	The Beneficiary Name Display Service (SANB) is launched, through which the identity of the beneficiary (holder of a specific IBAN) is verified





By the specificity of its activity as operator and administrator of the Automated Clearing House, registered under the name SENT, TRANSFOND has become a hub within the Romanian banking infrastructure, ensuring the processing of low value payment orders<sup>1</sup> and debit payment instruments, regardless of their value, in national currency (these payments are also called "retail payments").

The system currently processes 95% of all cardless interbank payments in Romania (according to the number of transactions performed). Concern for providing services in compliance with the highest quality standards, with a high level of availability and security, combined with the encouragement of the migration of cash payments to the electronic environment, are the main concerns of TRANSFOND's specialists.

## SENT – TRADITIONAL PAYMENTS IN LEI AND EUROS

Compared to 2021, in 2022 the transactions processed by TRANSFOND through the SENT system - Multiple Payments Component in Lei (CPM Lei) developed as follows:

- the volume of small-value payment orders increased by 7.5%, and their value by 11.5%.
- the volume of debit payment instruments decreased by 8% but their value increased by over 12%.
- the volume of direct debits increased by almost 2%, with their value increasing by more than 125%.

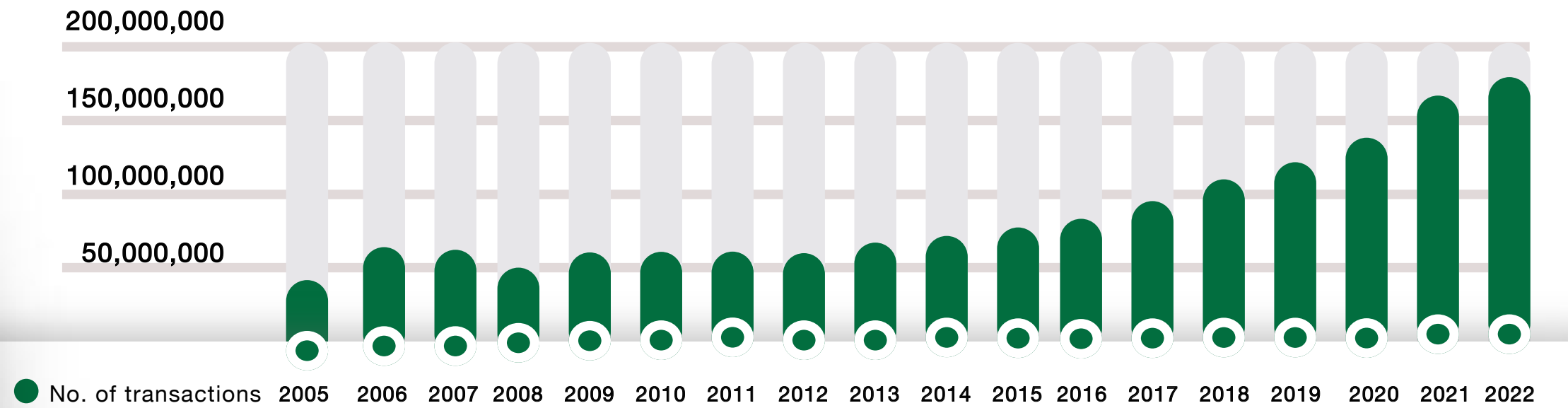
The overall increase of the SENT - CPM Lei system in the volume of transactions by over 7% and their value by 14%, in 2022, compared to the previous year, was in line with the growth rate of recent years, due to the expansion of electronic commerce and digital payment instruments.

<sup>1</sup> Below the value of 50.000 Lei (exclusive).

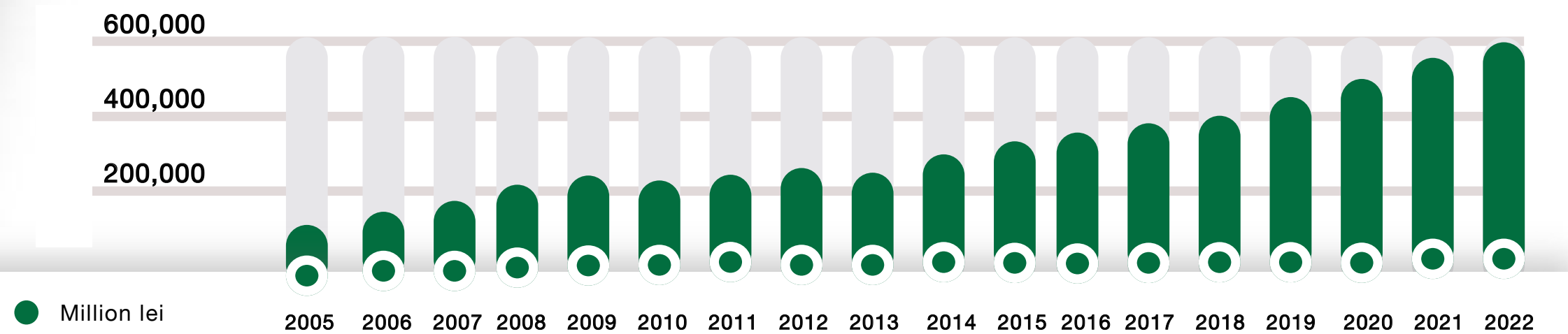




Evolution of the volumes of operations processed by SENT - Multiple Payments Component in Lei (2005-2022)



Evolution of the value of operations processed by SENT - Multiple Payments Component in Lei (2005-2022)

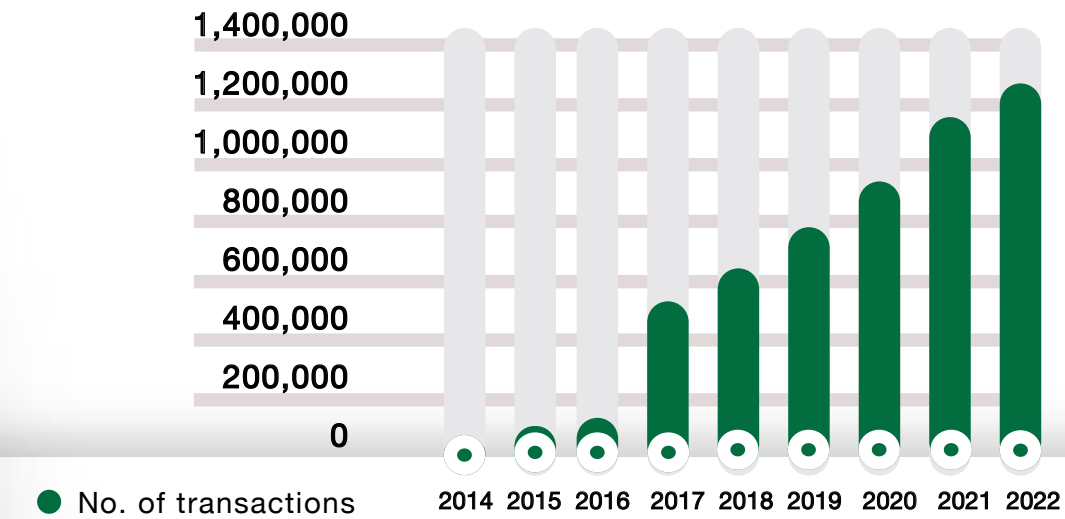




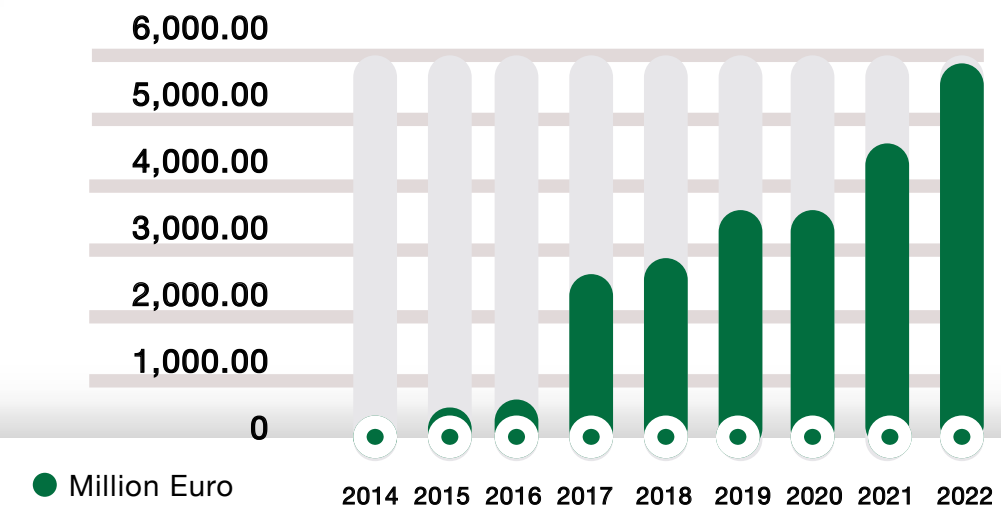


The volume of operations in the SENT system - The Multiple Payments component in euro currency (CPM Euro) recorded an increase of almost 10% in the number of payment orders processed, due to the increase in the volume of cross-border receipts from TRANSFOND's partner clearing house (Worldline), as well as the increase in the volume of payments made by the participants of SENT.

### Evolution of the volumes of operations processed by SENT - Multiple Payments Component in Euro (2014-2022)



### Evolution of the value of operations processed by SENT - Multiple Payments Component in Euro (2014-2022)



The development of the volumes and values of payment transactions processed through the SENT system - Multiple Lei and Euro Payment Components, which were previously presented graphically, are detailed in the Statistics Section.





## SENT – LEI INSTANT PAYMENTS COMPONENT

Authorities in the field and industry experts believe that instant payment processing will become the new standard for processing payments of any kind, especially retail payments. In this context, and together with its first customers, TRANSFOND launched the Instant Payments service in April 2019, which ensures the transfer of money from the payer's bank account to the beneficiary's, at a different bank or vice versa, in maximum 10 seconds, at ANY time (24 /7/365). In practise, the actual transfer time between two participating banks has been around 4 seconds since the launch. Instant Payments do not require the payer's bank card.

The volume of transactions processed in the SENT system – the Lei Instant Payments component – has increased more than four times to over 13.5 million transactions in 2022 compared to the previous year. This is due to the promotional activities of the participants of this service among the beneficiaries, as well as of the joining of three new participants, totalling nine at present, namely Transilvania Bank, CEC Bank, Libra Internet Bank, BCR, Vista Bank, Patria Bank, Raiffeisen Bank, BRD Groupe Société Générale and Intesa Sanpaolo Bank.

The maximum number of transactions processed in 2022 was reached on 15 December, when the Instant Payments service of the SENT system processed more than 143,557 transactions.

### Instant Payments: FAST, SECURE and CONTINUOUS

The benefits of the banks participating in the Instant Payments service are to ensure customer satisfaction and meet their needs - which has led to customer retention and loyalty, strengthening the bank's image on the market by including the most innovative solutions for payments between open accounts at different banks in its range of services.

The service guarantees the execution of payments and the management of related information under fully functional IT **security** conditions, focussing on the fact that it is managed by TRANSFOND, the operator of the Clearing House for interbank retail payments in Romania, and that is offered to consumers by banks and other payment institutions authorised and carefully supervised by the National Bank of Romania.

Transfer **speed** is guaranteed using state-of-the-art technologies in the provision of the service as well as by compliance with European standards. The provision of **continuous** payment services, 24/7, plays a key role in its adoption by new generations of consumers, business managers and institutions. The technology chosen in building the interbank infrastructure profile clearly ensures the non-stop operation of the service, and, in parallel, also stimulates the adjustment and even optimisation of participants' internal processes to meet the same requirements.

Instant payments create the conditions for the development of the new payment ecosystem in Romania, which includes modern payment solutions and methods, that do not require a bank card, such as payments via QR Code (for money transfers between individuals, for e-commerce payments or for payments to merchants - physical transactions), solutions that will be launched on the market in the coming period. This ecosystem already includes payment methods that use the customers' mobile phone number instead of their IBAN (AliasPay) – an addition to the types of instant fund transfers that add value to the customer's payment experience.



## SENT – OTHER FUNCTIONALITIES

### The AliasPay Service

The AliasPay service, which allows bank customers to initiate interbank payments via their mobile phones, was operationalized in September 2020, with the launch of the service for end consumers taking place on 18 March 2021, in cooperation with Transilvania Bank and CEC Bank, with ING Bank joining the service in September 2021.

End consumers of financial services in Romania can use AliasPay if the banks with which they have an account (payment service providers) participate in the service.

To become a recipient of payments via the AliasPay service, each customer of a participating bank must first activate the service. To use AliasPay, the AliasPay data shall be transmitted to TRANSFOND, so that from that moment on the customers can receive amounts on their account, simply on the basis of their phone numbers, which any customer of a participating bank uses to initiate the payment.

For banks and other payment service providers, the AliasPay service brings several advantages: operational security, efficiency, interoperability at SEPA level without the participant having to contribute at this stage, electronic archiving (optional), 24/7 accessibility of the HelpDesk and reuse of communication networks through which payment institutions are already connected to the SENT system managed by TRANSFOND. The level of security and availability of the service is similar to that guaranteed by TRANSFOND for the operation of the Interbank Payments Clearing House, offering a response time to requests of less than 2 seconds, in the case of AliasPay.

### Beneficiary Name Display Service – Confirmation of Payee

Since November 2022, Romanian banks have been able to minimise the risk of erroneous payment to fraudulent beneficiaries by implementing one of the most effective security measures - verification of beneficiary's identity (holder of a specific IBAN) before or at the time of payment initiation by the payer, so that the payer can decide whether or not to initiate the payment, depending on whether the real identity of the beneficiary requesting the payment is confirmed.

This validation is done through the SANB service (Beneficiary Name Display Service), which ensures that the payee's first name and initials are automatically displayed when the payer enters the beneficiary's IBAN account. In the case of a legal entity as payee, part of the name and type of organisation (SRL, SA, etc.) will be displayed for validation.

The SANB service was developed by TRANSFOND, and the SANB Scheme is administered by ARB as an optional supplementary service to the SEPA RON Credit Transfer Schemes, based on the Convention on National Payment Schemes and the mandate given by the National Bank of Romania. The Beneficiary Name Display Service is an integrated IT solution intended for all interbank payment service providers.

Until now, there has been no requirement for validation of the payee's name when collecting a payment. There is therefore a potential risk that a cybercriminal may ask the payer (via email, SMS, etc.) to pay bills on behalf of beneficiaries known to the him/her (providers of utilities, services or goods), giving IBAN codes of own accounts (different from those of authorised beneficiaries). Finally, there is a risk that some payers follow these instructions without carefully checking the information and pay to the indicated account, mistaking it for the legitimate beneficiary.

The occurrence of such fraud can have a direct impact on the bank, both financially and in terms of its reputation, public confidence in the banking system, and more generally, in terms of cashless payments through the (inter)banking system.

The SANB service offers banks the opportunity to work together to increase security in interbank transactions. Beneficiary verification is, at the same time, an important link in the development of new components of the payment ecosystem in Romania.







### Fees charged in the SENT system

With the aim of providing the Romanian banking community with a set of complex and complete services that make the activity of economic agents more efficient by reducing the costs associated with the transactions carried out, TRANSFOND has launched a sustained campaign to reduce the commissions charged in all three components since EPS has become operational. Efforts to reduce commissions and shorten transfer times have also been aimed at shifting as large a volume of payments as possible from cash to the electronic environment.

The commissions charged on SENT have been regularly reduced since 2005. Thus, in the direct relationship with the banking system, they reached approximately 24% of the value of the initial fees charged for transactions processed in paper form. The company has been able to absorb this financial impact through a systematic cost reduction policy, including a consistent restructuring of its activity, in parallel with the efficient management of SENT, under conditions of over 99.9% availability in the 18 years of its existence.

Since November 2021, TRANSFOND has also reduced the fee charged for processing instant payments, once again supporting payment institutions to promote the use of this payment method. TRANSFOND offers Romanian financial institutions payments with real-time execution at a lower price than the traditional SCT, namely 0.45 lei/SCT Inst (compared to 0.51 lei – the cost of processing a SCT). Instant payments have thus become the cheapest retail payment infrastructure service offered by TRANSFOND, with the commission per transaction in the instant payment infrastructure decreasing by 11.8% compared to the previous level and compared to classic SEPA payment orders.

### Performance of SENT services in 2022

In 2022, the SENT system operated within normal parameters, in compliance with the laws, regulations and relevant contractual framework.

The SENT system as a whole (computer application, infrastructure services and technical operation) has ensured a particularly high level of quality in the services provided. The average availability in 2022 was 100% for the technical services of SENT and over 99.75% in terms of IT application and the customer perception of the services provided by SENT.

The auxiliary applications RUM (Single Mandate Register), AliasPay and SANB recorded an overall availability of 100%.





## e-Business services

In addition to its main activity as operator and manager of SENT, TRANSFOND aims to provide the financial and banking community in Romania with superior technological solutions that are fully integrated into the payment services value chain. The innovative character of the organisation is reflected in its in-house development of high-performance services in the digital area, e-Arhiv@ and e-Factur@, both of which were a first on the Romanian market at the time of their launch.

## The e-Arhiv@ System - Document Archiving in Electronic Form



In July 2009, with the launch of the e-Arhiv@ service, TRANSFOND became the first accredited electronic archives manager in Romania<sup>2</sup>, having the right to perform electronic archiving activities under the terms of Law No. 135/2007 on electronic archiving, with its data centres being re-authorized every 3 years, i.e. 2012, 2015, 2018 and 2021. Re-authorization has always required a prior external audit performed by an auditor appointed by the Ministry of Communications and the Information Society, in accordance with the applicable legal provisions.

By offering e-Arhiv@, TRANSFOND relieves its clients of their obligations to comply with the legal and technological requirements for accreditation as an electronic archives manager and authorization of the data centre for hosting electronic archives, as well as the high investment and operating costs for implementing an electronic archiving solution in accordance with the applicable legal provisions.

The high level of performance of the services offered by TRANSFOND, combined with its reputation for security and the professionalism demonstrated in the management of the services, enabled the company to maintain a market share of approximately 97% in the banking segment for the e-Arhiv@ service in 2022, thus maintaining its position as market leader in this sector.

The e-Arhiv@ system continued to record a high availability of 99.95% in 2022, compared to the contractual level of 95%.

<sup>2</sup> Based on the order of the Minister of Communications and Information Society No. 522/08.07.2009





## The e-Factur@ System - Electronic Invoicing Services

The importance of e-B business services both for better business management and for environmental protection is an ongoing concern for the company. The potential benefits of electronic invoicing for all stakeholders are one of the reasons that led to the development of this line of business by TRANSFOND.

The e-Factur@ electronic invoicing service, launched by TRANSFOND in 2010, enables economic operators to issue, deliver and archive invoices in an electronic environment, replacing all or part of the corresponding paper process, depending on the needs of the issuing client and the payer.

The development of e-Factur@ as a service provided by TRANSFOND to the real economy through the collaborating banks, was the origin of the European and worldwide trend in this area (both in general - the elimination of paper documents in favour of electronic documents, and in particular - the optimisation of internal processes of each company by reducing the costs of invoicing), and the fact that the service has established more and more as a banking product in Europe. Moreover, as the invoice is the most frequent trigger for of a payment, there is a direct connection with TRANSFOND's main activity - the operation of the SENT system.

The service offered by TRANSFOND, which falls into the category of optional additional services for payment systems, in accordance with the SEPA regulations at the European level, brings important economic benefits as an integral part of the sales flow within a company, as well as optimising the use of human resources and the time required to perform the actions associated with the invoicing process.

For the archiving of electronic invoices, TRANSFOND provides the e-Arhiv@ service (for archiving electronically generated invoices) to invoice issuers, as an integral part of the e-Factur@ service.

The e-Factur@ system has been intensively adapted in 2022 to allow interconnection with the national system RO e-Factura<sup>3</sup>, so that invoices intended for the entities involved in public procurement process (B2G) can be converted into the format accepted by the national system and transmitted within this system according to the new legal framework in force.

The availability of the e-Factur@ system was maintained close to 100% in 2022, well above 95% the contractually agreed upon. The volume of invoices issued in the e-Factur@ system increased by 7% in 2022 compared to the volume processed in 2021, due to the increase in the number of monthly invoices issued by existing customers.

By its nature, e-Factur@ can be linked to ERP (Enterprise Resource Management) systems used by invoicing companies and their recipients (in a business-to-business relationship) to facilitate the automation of internal financial processes, thus significantly reducing costs and processing times. The central application is entirely managed by TRANSFOND, both technically and functionally, so that customers can direct their efforts on other business areas.

The benefits of using such a service include both the optimisation of processes for invoice issuers and significant savings in the issuing, archiving and delivery/transmission of invoices.

For invoice recipients, it is worth to emphasize that invoice delivery is guaranteed and very fast, with a significant reduction in the risk of error due to human intervention that may occur during processing. Cash flow is also made more efficient for both invoice issuers and their recipients.

<sup>3</sup> Under GEO no. 120/04.10.2021, approved with amendments by Law no. 139/17.05.2022





## CUSTOMER SATISFACTION LEVEL

TRANSFOND carries out an annual customer satisfaction survey. And in 2022, the customer satisfaction questionnaires aimed to determine the level of satisfaction with the services offered by TRANSFOND, including the Automated Clearing House – SENT, the electronic archiving service - e-Arhiv@ and the electronic invoicing service - e-Factur@ as survey areas.

With regard to SENT, the response rate of the respondents was 100%, with all 35 participating customers answering the questions. The total satisfaction percentage was **98,86%**, an increase from the previous year (**97,43%**).

For the e-Factur@ service (including the e-Arhiv@ component), customers were surveyed in December 2022. The total satisfaction percentage was **97,89%**, an increase from the previous year, when it was **92,77%**.

For the e-Arhiv@ service, the total satisfaction percentage was **99,18%**, an increase from the previous year (**97,69%**).

Following the survey, we concluded that the general reaction of the banks and the other customer categories surveyed in relation to the services provided by TRANSFOND in 2022 remain positive, with an increase in satisfaction compared to the previous year. Based on the customer feedback, the company will continue to improve its work in the future.



TRANSFOND



07

STATISTICS  
SECTION

ANNUAL REPORT 2022





## SENT STATISTICS – ELECTRONIC PAYMENTS IN LEI

Year	Volume of annual electronic payments in Lei processed during 2005 (April) – 2022 (number of operations)	Value of annual electronic payments in Lei processed during 2005 (April) – 2022 (million Lei)
2005	31.934.558	81.284
2006	54.796.193	143.067
2007	55.434.395	167.321
2008	51.694.644	206.118
2008	55.439.612	233.049
2010	56.683.175	231.329
2011	57.414.143	248.036
2012	58.837.613	259.187
2013	62.010.032	262.726
2014	68.535.783	278.328
2015	76.708.532	304.883
2016	82.098.172	317.904
2017	91.450.060	344.223
2018	105.886.325	383.444
2019	119.434.133	426.408
2020	135.303.866	447.395
2021	161.890.262	522.414
2022	173.600.173	595.638





## SENT STATISTICS – ELECTRONIC PAYMENTS IN EURO


Year	Volume of annual electronic payments in Lei processed during 2014 (December) – 2022 (number of operations)	Value of annual electronic payments in Lei processed during 2014 (December) – 2022 (million Euro)
2014	15.895	44.51
2015	26.446	86.55
2016	116.048	531.44
2017	518.224	2.470.98
2018	614.138	2.775.10
2019	767.413	3.538.78
2020	911.143	3.540.69
2021	1.133.378	4.617.73
2022	1.245.420	5.743.76







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