

TRANSFOND



2017

ANNUAL REPORT

The General Manager's Message	5
Abbreviations	6
The strategic perspective of the company	7
Organization and Governance	9
• Shareholders	10
• The board of directors of TRANSFOND	11
• Executive Management of TRANSFOND	11
• Supervision and monitoring of the interbank payment system	12
Financial Statement	13
The Quality Management System, Information Security and Business Continuity	15
• Quality Management	16
• Information Security	16
• Business continuity	16
• Risk Management and Internal Control System	17
The company's activity	18
• Electronic Interbank Payments System	19
• The SENT System	20
• The technical services for the EPS components administrated by the National Bank of Romania during 2017	23
• Training Clients (Training programs)	23
• Fees charged in SENT	24
e-Business services	25
• e-Arhiv@ System - Archiving of Documents in Electronic Format	26
• e-Factur@ system - Electronic Invoicing Services	27
• Level of Customer Satisfaction	28
Statistics Section	29
• Payments Statistics – SENT	30
• Performance of TRANSFOND services in 2017	31
• The evolution of fees charged by TRANSFOND for payment operations	32



THE GENERAL MANAGER'S MESSAGE

In the past years we have made considerable efforts for maintaining the highest quality levels of operations within the interbank payments infrastructure, as well as for adapting it to the European standards.

They are reflected both by our clients degree of satisfaction, which is higher than 90% for each of the offered services, as well as by the financial statements of the company, which have been maintained at an optimal level during the past years.

The year 2017 has several significances, but among the most important is the start of the implementation of the real time retail payments infrastructure - instant payments, which will offer banks and other participants to the clearing house a platform that enables them to compete with equal chances with the offers of the unconventional payment service providers.

Instant payments have become the development target for all the clearing house-type infrastructures in the world, because, in a world where the entire information is transmitted in real time, and for the initiation and execution of a low-value payment, part of the daily life of natural persons and companies, the initiation and completion of payments in real time will become the new standard, the new normality. Moreover, around the years 2023-2025, it is estimated that most retail payment systems shall align to this performance standard, and TRANSFOND wants to offer this chance to the local market as well.

The project shall be completed in the second half of 2018, therefore offering the financial and banking community in Romania a real time payment system, available 24/7/365. This system is an infrastructure component that will create the basis for the development of payment services developed through a range of alternative channels such as mobile

payments and it will bring important benefits to the Romanian banks by increasing the number of electronic payments in the economy and by correctly and timely positioning itself in competition with the non-bank payments services providers. We are convinced that this service will also contribute to reducing cash payments in Romania, as well as increasing financial inclusion.

In terms of e-Business services, TRANSFOND remains the market leader for the banking and financial segment for Electronic Documents Archiving Services, and for the Electronic Invoicing the number of clients is steadily increasing, especially in the leasing sector, but also in other sectors of the economy attracted by the company towards modernization and efficiency with the support of cooperating banks.

For the following years we wish to maintain the interest of the financial community for new developments in the field of payment services for the local market alert and we hope that the efforts to increase the level of banked payments in Romania will yield more consistent results.

SABIN CARANTINĂ
CHIEF EXECUTIVE
OFFICER

ACH	Automated Clearing House
RBA	Romanian Banking Association
EACHA	European Automated Clearing House Association
e-Arhiv@	Archiving Services for Documents in Electronic Format provided by TRANSFOND
e-Factur@	Electronic Invoicing Service offered by TRANSFOND
PEACH	Pan-European Automated Clearing House
ReGIS	"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
SaFIR	"Settlement and Financial Instruments Registration" - Government securities depository and settlement system, provided by NBR
SAP	Participants Management Service offered by TRANSFOND
SCT	SEPA Credit Transfer
SDD	SEPA Direct Debit
SENT	"The electronic system for net based settlement of TRANSFOND/ Sistemul Electronic de decontare pe bază Netă al TRANSFOND" - Automated Clearing House (the electronic system for the processing low value payments, less than 50,000 RON), provided by TRANSFOND
EPS	Electronic Payments System
SEPA	Single Euro Payment Area
TRANSFOND	Company for Funds Transfer and Settlement – TRANSFOND S.A.



CHAPTER

1

**THE STRATEGIC PERSPECTIVE
OF THE COMPANY**



THE STRATEGIC PERSPECTIVE OF THE COMPANY

Vision

TRANSFOND has taken on the role of main partner of the Romanian financial and banking community in the field of payments and additional/complementary services to interbank payments, by capitalizing on the available infrastructure and know-how.

Mission

TRANSFOND answers the needs and requirements of the financial sector, by providing innovative solutions and services with a high degree of safety and availability, while turning to account the economy-of-scale potential. Along with the National Bank of Romania, as well as all professional associations of the banking community, we advocate deeper interbank cooperation on the Romanian market, to the benefit of our shareholders and of the other members of the local financial and banking community.

Values

Integrity, respect and chances equality

Everything we do is guided by integrity and correctness, showing respect to our team members, customers, partners and suppliers. Equality of chance is a fundamental value promoted by TRANSFOND, by applying a policy that encourages consideration of employees and partners, regardless of gender, age, ethnic origin, religion, disabilities, political beliefs or social origin, promoting their equal treatment.

Client-oriented

We dedicate our resources to understanding and satisfying customer needs. We are accountable to our customers, as well as to the environment we conduct our business in.

Team work

We encourage and acknowledge teamwork, mutual support within teams, our employees' availability to collaborate with and provide unconditional support to their colleagues who need help, with a view to solving all

problems. All our employees are encouraged to share the knowledge and experience they have accumulated, just like their own opinions and ideas, across the company. As a rule, we celebrate individual and collective success.

Flexibility and dynamism

We adapt our procedures, programs and actions to our customers and market's needs as well as to technology changes.

Innovation

¶We encourage and appreciate the creativity of our people and we take into account innovative development ideas.

Credibility

We respect the promises made to our customers and to our partners.

Respect for the environment

TRANSFOND invests in new environmental friendly technologies, respectively in those technologies that determine the decrease of environmental impact, by considerably removing paper as well as related processes (transport, packaging, storage, archiving etc.). Promoting these principles is carried out by the environmental

Corporate social responsibility

The company undertakes activities in order to support social solidarity, financial education, development of the quality of the medical act, as well as the cultural field, in accordance with the social responsibility policy adopted.



CHAPTER

2

ORGANIZATION AND GOVERNANCE

SHAREHOLDERS

Nr. crt.	Shareholder's name ¹
1.	THE NATIONAL BANK OF ROMANIA
2.	BLOM BANK FRANCE S.A.
3.	BRD - GROUPE SOCIETE GENERALE S.A.
4.	ROMANIAN COMMERCIAL BANK S.A.
5.	UNICREDIT BANK S.A.
6.	BANCPOST S.A.
7.	THE ROMANIAN IMPORT EXPORT BANK EXIMBANK S.A.
8.	BANCA ROMÂNEASCĂ S.A. MEMBER OF THE NATIONAL BANK OF GREECE GROUP
9.	CREDIT EUROPE BANK ROMANIA S.A.
10.	BANCA TRANSILVANIA S.A.
11.	PATRIA BANK S.A.
12.	ALPHA BANK ROMÂNIA S.A.
13.	ING BANK N.V.
14.	PIRAEUS BANK ROMÂNIA S.A.
15.	CITIBANK EUROPE PLC
16.	THE COMMERCIAL BANK INTESA SANPAOLO ROMANIA S.A.
17.	CREDIT AGRICOLE BANK ROMANIA S.A.
18.	LIBRA INTERNET BANK S.A.
19.	RAIFFEISEN BANK S.A.
20.	IDEA BANK S.A.
21.	CEC BANK S.A.

¹ In the order mentioned in the company Bylaws.

THE BOARD OF DIRECTORS OF TRANSFOND

- **President – Nicolae Dănilă**
- **Vicepresident – Radu Grațian Ghețea**
- **Vicepresident – Leontin Toderici**

Members

- **Gabriela Mihailovici**
- **Elena Georgescu**
- **Mihai Bogza**
- **Dan Corneliu Pascariu**
- **Paul Ursăciuc**
- **Doru Bebe Bulată**

EXECUTIVE MANAGEMENT OF TRANSFOND

- **Sabin Carantină** – Chief Executive Officer
- **Mirela Rațiu** – Deputy Chief Executive Officer



CORPORATE GOVERNANCE. SUPERVISION AND MONITORING OF THE INTERBANK PAYMENT SYSTEM

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

TRANSFOND's governance mechanisms comply with the provisions of the Principles for financial market infrastructures (PFMI) and the applicable methodology developed by the Payments and Settlements Systems Committee attached to the Bank for International Settlements together with the International Organization of the Securities' Regulators. At the same time, TRANSFOND is an organization operating in agreement with the companies' law no. 31/1990 with further amendments and supplements, under the management of its shareholders. According to the company's bylaws, its shareholders can only be credit institutions, together with the central bank.

The shareholders appoint and elect, every 4 years, an Board of Directors made up of 9 members - individuals who represent intuitu personae each and all shareholder of the company.

The Board of Directors governs the company's activities and together with the company's executive management have the role and responsibility to establish and follow the achievement of stability and continuity objectives of the Automatic Clearing House for interbank payments, as well as the development of new services.

The value of TRANSFOND management mechanism is reflected in the performance achieved in delivering the interbank electronic payments services, as well as in the capacity to develop and diversify its business.

TRANSFOND maintains a permanent dialog with the authorities that supervise the activity of payments systems. According to the effective legal provisions, the National Bank of Romania supervises and monitors payment systems, including those administered and/or operated by TRANSFOND.

SOCIAL RESPONSIBILITY

For TRANSFOND, given its particular core business, whose growth may be decisively influenced mainly by general social and economic development, social responsibility is a natural concern.

Therefore, the company carries out certain activities with an emphasis on community involvement such as social solidarity, financial education, quality development of the medical act, as well as in the field of culture. In 2017, TRANSFOND has continued its efforts to support orphans care centres, alongside support for research conducted under the auspices of the "Magazin Istoric", as well as other community relevant actions.



Annual Balance Sheet

Profit and Loss Account

As of 31 of December 2017	Lei
ACTIVE/ASSETS	
FIXED ASSETS	17.972.165
Intangible fixed assets	839.369
Tangible fixed assets	17.074.896
Financial fixed assets	57.900
CURRENT ASSETS	45.529.016
Stocks	60.501
Receivables	6.520.236
Short term financial investments	0
Cash and Accounts in banks	38.948.279
PRE-PAID EXPENSES	2.615.889
LIABILITIES	
Debts payable within one year	3.956.404
Debts payable within a period exceeding one year	485.662
Provisions for contingent charges	1.403.797
Venituri în avans / Pre-paid income	133.918
Capitaluri / Capitals	60.137.289

As of 31 of December 2017	Lei
TOTAL INCOME	70.992.020
Operating income	70.398.243
Financial income	593.777
TOTAL EXPENDITURE	40.388.564
Operating expenses	40.246.344
Financial expenses	142.220
GROSS RESULTS	30.603.456
Income tax	4.928.979
NET PROFIT FOR THE FINANCIAL YEAR	25.674.477



CHAPTER

4

THE QUALITY MANAGEMENT SYSTEM,
INFORMATION SECURITY
AND BUSINESS CONTINUITY



THE QUALITY MANAGEMENT SYSTEM, INFORMATION SECURITY AND BUSINESS CONTINUITY

■ QUALITY MANAGEMENT

The permanent concern for maintaining the highest quality standards for the activities developed within the company has materialized in the continuous improvement of the Quality Management System, implemented and certified as proven by the last external audit carried out by the certification body SC. INTERTEK LABTEST SRL, with a UKAS accreditation (The United Kingdom Accreditation Service). Following this audit for the quality management system's supervision, the company has maintained the certification for the second year of the third three-year cycle. We must mention that TRANSFOND holds this certification since 2009.

In accordance with TRANSFOND's focus, all objectives related to the Quality Management System have been maintained in 2017, for offering clients services that are used with a high satisfaction degree, covering all their requirements and expectations.

■ INFORMATION SECURITY

The implementation and certification of an ISO 27001 Information Security Management System (SMSI) is a strategic decision for any organization as it provides reasonable assurance with regard to the security of the certified company's information but also of the clients' and business partners' information. TRANSFOND's SMSI system is based on a risk approach to which the organization is exposed and has the purpose to establish, implement, operate, monitor, review, maintain and improve information security.

As a result of the replacement of ISO 27001:2005 standard by a new version, ISO 27001:2013, TRANSFOND has taken all the measures to align to the requirements of the new standard version.

TRANSFOND has been aligned to the requirements of the new version of the ISO 27001:2013 standard since 2015, and during 28.02 - 07.03.2017 the recertification audit has been carried out, which has been concluded with an audit report where the auditors acknowledged full compliance with the ISO 27001:2013 standard and subsequently recommended granting of a new certificate for a further three-year period to the certification body.

Maintaining the certification of management systems, quality and information security represents the reward for the efforts made by the entire organization to provide the highest quality services to its clients and is the expression of the organization's ability to offer value to all stakeholders: clients, shareholders, employees, suppliers, community.

■ BUSINESS CONTINUITY

TRANSFOND's role within the financial and banking system, technology dependence and environmental specific threats in which the company operates are significant factors that have led to the implementation of a business continuity management system aligned to the BS 25999 requirements. Ensuring the continuity of infrastructure services has been one of the major concerns of the company in 2017, the use of the alternative facilities in the two company premises being carried on in order to ensure disaster recovery capacity.



Throughout 2017, TRANSFOND participated to two complex business continuity exercises. These have been carried out entirely in the planned conditions, without any incidents, all of the proposed objectives being achieved. The joint efforts of the systemic elements minimize the impact of such situations on the company and allow TRANSFOND to quickly resume its critical processes so as the payment systems and financial instrument settlement systems operate appropriately.

■ RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Risk management is an integral part of all decision-making and business processes within the company. In this respect, the risks to which the company's activity is or may be exposed, which can affect the achievement of the objectives are analysed and monitored, and measures are taken regarding any change of the conditions in which it operates.

In 2017, risk management activity has been focused mainly on one-off risk analyses. At the same time, the risk analysis for Instant Payments has been started and finalized and the Risk Register related to the "Instant Payments" project management plan has been established.



ELECTRONIC INTERBANK PAYMENTS SYSTEM

The Electronic Payment System has been commissioned in 2005, in three stages, for its three components (The Automated Clearing House - SENT, the Real Time Gross Settlement System - ReGIS and the Government Securities Depository and Settlement System - SaFIR), followed by the launch of the electronic processing component of debit instruments (cheques, bills of exchange and promissory notes) within SENT, in 2008. The EPS has also been developed in order to adopt European standards, by launching the SEPA program, during 2012 - 2016. Starting March 2018, the technical operation of ReGIS and SaFIR is ensured by the National Bank of Romania.

ISTORIC

1991	The National Bank of Romania initiated the reform of the Romanian payment system.
1995	Commissioning of the interbank payment system in national currency on paper, having predefined settlement periods.
1999	The National Bank of Romania has decided to outsource the transfer of interbank funds in national currency with settlement in the central bank's money.
2000 (July)	The Romanian banking community and NBR established, in accordance with the commitments undertaken toward the European Union, the Company for Funds Transfer and Settlement - TRANSFOND S.A., as operator of the payment system.
2001 (May)	NBR's outsourcing of the payment activity to TRANSFOND (except for the transfer of funds related to the State Treasury) went live.
2002 (November)	The European Commission Delegation in Bucharest concluded the specific procedures for PHARE projects, the Romanian party becoming thus able to begin the implementation stage of the EPS project.
2003 (June)	Centralization of high value interbank payments at a single point for each bank, processed by TRANSFOND central unit.
2003 (September)	The State Treasury became a participant in the payment system operated by TRANSFOND.
2005 (April)	ReGIS system went live.
2005 (May)	SENT system went live.
2005 (October)	SaFIR system went live.
2008 (October)	The SENT module for electronic processing of Interbank Debit Instruments (cheques, bills of exchange and promissory notes) went live.
2012 (November)	The SENT service for processing payment orders in lei in SEPA format went live.
2013 (December)	The EURO Component of SENT for processing payment orders in euro currency with settlement in TARGET2 system went live.
2016 (April)	The SENT Component for the processing interbank Direct Debits in SEPA format in national currency went live.
2018 (March)	The technical operation of ReGIS and SaFIR is ensured by the National Bank of Romania.

CHAPTER

5



Together with the operationalization of the SENT Automated Clearing House, in 2005, TRANSFOND has become a central point of the financial and banking infrastructure by ensuring the processing of low value² payment orders and of the debit payment instruments, regardless of the interbank value, in national currency. The system processes, currently 95% of the total of interbank payments on Romanian territory (according to the number of operations), the rest of 5% being payments technically operated by TRANSFOND, through the ReGIS system. This aspect, as well as the care for ensuring services at the highest quality standards, with a high degree of availability and safety, corroborated with the encouragement for migrating the cash payments towards the electronic environment, represents the main concern of TRANSFOND specialists.

The SENT system of TRANSFOND has registered a continuous development process, in its endeavour to adopt the effective European standards, as well as for meeting the expectations and needs of the payment institutions, both in the present as well as in the future, at the same time with adopting the single currency - Euro. Therefore, in November 2012, TRANSFOND has released a new processing service of payment orders in SEPA format, in local currency, and in December 2013, the company has operationalized the EURO Component of the SENT system dedicated to processing the national and cross-border payments in Euro currency with settlement in TARGET2 system, at the same commission level with the one used in the RON Component (respectively 0.51 RON/payment and 0 RON/collection).



The last service offered by the SENT system, respectively the processing of Direct Debits in SEPA format in national currency (SDD) (includes an additional centralized management service of the interbank direct debit mandates - RUM), have been operated on April 11th, 2016. Therefore, Romania has become the first EU non-Euro member state, which has fully applied the SEPA standards for payments in national currency. In this process of alignment to the SEPA

² Below the 50.000 Lei value (exclusively)

standards of the infrastructure for retail payments in RON, ARB has become, by agreement with the European Payment Council (EPC), the administrator of the SEPA schemes for payments in RON.

On December 31st 2017, the SENT system registered 38 direct participants, with a slight decrease towards the previous year, as a result of the fusion during 2017 of two participants, as well as due to one participant's leaving the system.

Regarding the operations processed through the SENT system, in 2017, they have evolved as follows:
 the volume of the small value payment orders has increased by 12.5% and their values by 10.2%;
 the volume of the debit payment instruments has been decreased by 8.9% and their value by 4.3%;
 the volume of direct debit operations has been decreased by 8.8% and their value has increased by 30.8%.

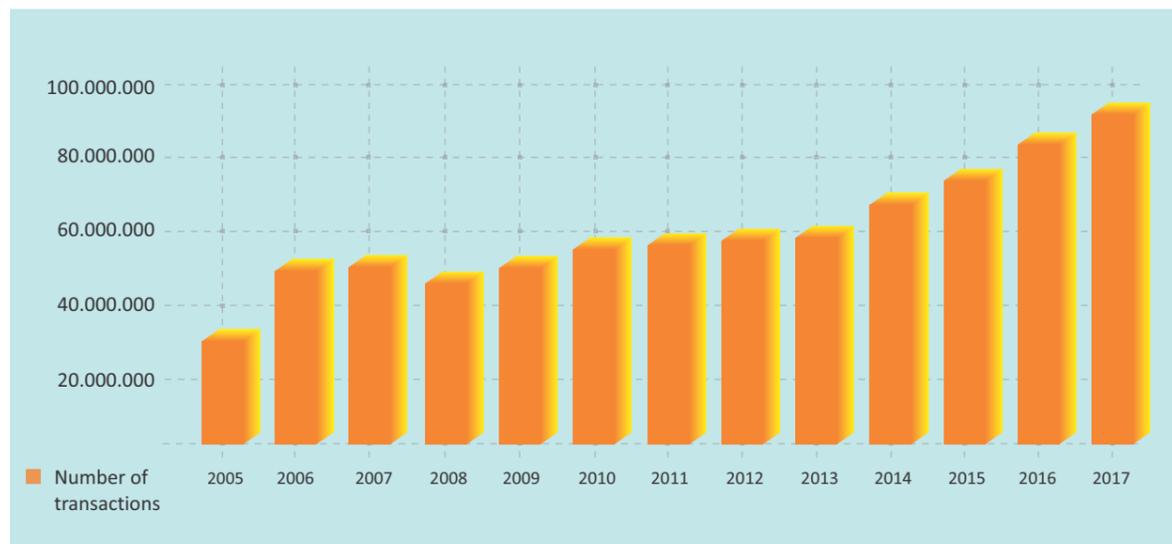
In 2017, in the SENT system - the RON Components has registered an overall increase of the operations' volume of 11.4% and of their value by 8.3%, compared to the same period of the previous year. This ascendant evolution is explained by the slight improvement of the economy.

The payment orders processed within the SENT system - Euro component have registered during 2017 an increase of the volume by 346,6% and of their value by 365%, compared to 2016, and the weight of the cross-border collections in the total Euro operations has decreased from 77.6% to 58,2% from the point of view of the volume and from 48.9% to 34.9% from the point of view of their value.

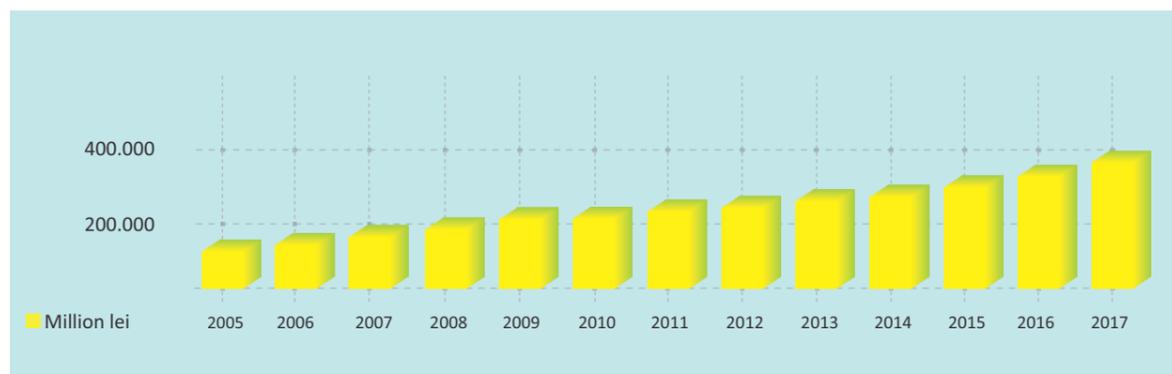
The evolution of the volume and the value of payment instruments processed through the SENT system, in the period 2005 - 2017, graphically illustrated below, is detailed in the Statistics Section.



Evolution of the volume of transactions processed through SENT
2005 - 2017



Evolution of the value of transactions processed through SENT
2005 - 2017



THE TECHNICAL SERVICES FOR THE EPS COMPONENTS ADMINSTRATED BY THE NATIONAL BANK OF ROMANIA DURING 2017

ReGIS in 2017

ReGIS is an essential component of the Electronic Payment System which ensures real time gross settlement of the high value or urgent payments in Lei (individual payments processing), settlement of operations on the money market, foreign currency market and central bank operations, as well as the final settlement of domestic interbank clearing houses operations (including SENT).

Within this system, the role of TRANSFOND was that of a technical operator, within the existing contractual limit between NBR and TRANSFOND until the 19th of March 2018.

SaFIR system in 2017

As a result of the banking system's concern for total automation of interbank payments made in the Romanian economy, SaFIR (the Government securities depository and settlement system) became operational in October 2005. The system was technically operated by TRANSFOND until March 19, 2018, with functional administration and operation being ensured by the National Bank of Romania.

TRAINING CLIENTS (TRAINING PROGRAMS)

In order to ensure a wider access for the employees of payment institutions to training and certification activities of users, TRANSFOND has continued to regularly organize, ReGIS and SENT training and certification sessions.

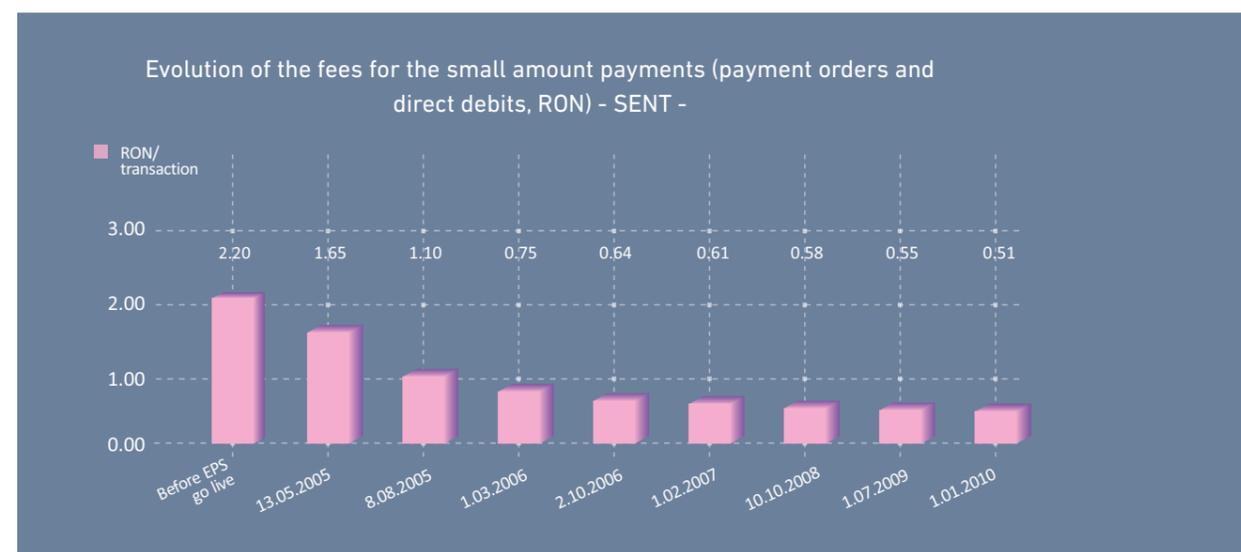
Therefore, in 2017, TRANSFOND has organized two training and certification sessions for ReGIS users and two training and certification sessions for SENT users. Also, upon the request of several institutions, two extraordinary ReGIS training sessions and two extraordinary training sessions for SENT were organized.



 FEES CHARGED IN SENT

In an effort to offer a complex and complete array of services to the Romanian banking community, that would streamline the undertakings' activity by reducing the transaction costs, TRANSFOND initiated along with the commissioning of the Electronic Payment System, a sustained campaign for the reduction of the fees charged in all three components. The efforts made in order to reduce fees and ensure a shorter time for making the transfer also aimed at attracting a high volume of payments from cash to the electronic environment.

The fees charged in SENT have been periodically reduced since 2005 to date. Thus, in the direct relation with the banking system, they reached approximately 24% of the value of fees charged for paper-based operations. The company has been able to absorb this financial impact by implementing systematic cost-control policies, including through consistent reorganisation of the activity, along with the efficient management of SENT, with an availability of more than 99.99%, during all the 11 years of operation.



CHAPTER
6

E-BUSINESS SERVICES

In addition to its main concern in the field of payments, the company offers cutting-edge technological solutions for the financial and banking community in Romania, completely integrated in the value chain of services developed until the present day. The innovative character of the organization is proved by the in-house development of high standard services in the digital sphere, such as e-Arhiv@ and e-Factor@, both premieres on the Romanian market, at the time of their go-live.

E-ARHIV@ SYSTEM

ARCHIVING OF DOCUMENTS IN ELECTRONIC FORMAT



Starting July 8th, 2009, TRANSFOND became the first electronic archive administrator accredited in Romania, by launching **e-Arhiv@**, based to the Order of the Minister of Communications and Information Society no. 522/08.07.2009, being entitled to perform electronic archive management activities under Law no. 135/2007 concerning the electronic archiving, its data centres obtaining the necessary authorizations, by the Orders of the Minister of Communications and Informational Society no. 521/08.07.2009 and no. 571/10.10.2012. During 2015, the Ministry of Communication and Informational Society, has renewed the authorization of TRANSFOND data centres dedicated to electronic archiving by the Order MSI no. 391/17.07.2015.

By offering e-Arhiv@, TRANSFOND ensures its customers' relief from the obligations of fulfilling the legal and technological accreditation requirements as electronic archive administrator and archive hosting data centre, as well as of the high investment and operational costs related to the implementation of an electronic archiving solution in accordance with the effective legal provisions.

In order to meet the expectations of all potential customers, TRANSFOND provides an electronic archiving service, respectively **EXCLUSIVE e-ARCHIVE** with two components:

- **manual archiving**, search and retrieval of electronic documents –the archiving of documents being performed according to every institution's archiving classified lists;
- **customized automated archiving**, search and retrieval - that provides customers with optional automation solutions for documents' transmission processes, including LOTUS messages in the participants' users mailboxes, for their archiving in e-Arhiv@.

Thus, for all archived documents, TRANSFOND provides disaster recovery by replicating information in the secondary data center.

The high performance level of the services offered by TRANSFOND, corroborated with its reputation for proven safety and professionalism in services administration, led to a market share of 90% on the banking segment for e-Arhiv@ in 2017, the company thus maintaining the market leader position in this sector.

At the end of 2017 the total number of active clients was 36, of which 31 were banks. During 2017, the e-Arhiv@ service has registered an average level of availability of 99,82%, compared to the assumed contractual level of 95%.

E-FACTOR@ SYSTEM

ELECTRONIC INVOICING SERVICES



The electronic invoicing service **e-Factor@**, launched in 2010 by TRANSFOND, allows businesses to issue, archive and deliver the invoices in electronic format, completely or partially replacing the similar process on paper, depending on the issuing customer's or the payer's needs.

The service offered by TRANSFOND, part of Additional Optional Services to the payments systems according to SEPA at European level, brings important economic benefits as an integral part of the sale flow within a company, as well as an improvement of the use of human resources and time required to perform actions related to the invoicing process. The development of e-Factor@ as a service provided to the real economy by TRANSFOND, through the collaborating banks, was based originally on the European and global trend in the field (both, in general, disfavoring the use of paper based documents in favour of the electronic ones and in particular, the optimisation of internal processes of any business by reducing invoicing costs), as well as on the fact that, in Europe, the service has been increasingly established as a banking product. Moreover, the invoice being most often the initiator of a payment, a direct connection has been shaped with the basic activity of TRANSFOND - administrator of the Automated Clearing House.

The e-Factor@ service has been developed based on a modular platform, in the form of a unique secured application, to which both the invoice issuers as well as their recipients can connect.

Regarding the archiving component of the electronic invoices, TRANSFOND provides, as an integral part of e-Factor@, **Invoice e-Archive**, through e-Arhiv@.

The number of invoice recipients has increased by 65% in 2017, reaching 20.956, compared to approximately 12.680 recipients at the end of 2016. At the same time, the number of processed invoices through e-Factor@ has known an increase of approximately 45%, exceeding 1.5 million in 2017.

The average availability of e-Factor@, during the reporting period, has been at a high level of 99.93%, compared to a contractually undertaken level of 95%.

TRANSFOND has continued to pursue the efforts of bringing awareness to the general public regarding the electronic invoicing services in 2017. The importance of e-Business services both for a better businesses management and for environmental protection is a constant focus of the company. The potential benefits that an electronic invoice brings to all parties involved, constitute one of the reasons that led to TRANSFOND developing this business line.

By its nature, e-Factor@ can be interfaced with ERP systems (Enterprise Resource Management) used by companies that issue invoices, as well as by their recipients (in the business-to-business relation), for enhancing automation of internal financial processes, thus substantially reducing processing cost and time. The central application is completely managed by TRANSFOND, both technically as well as functionally, so that the clients can direct their efforts to other business areas.

As benefits of adopting such a service we must emphasize both the optimization of processes for invoice, as well as important savings regarding the issuing, archiving and delivery/transmission of the invoices.



E-BUSINESS SERVICES

As invoices recipients are concerned, mention should be made that the invoice is assuredly delivered in short time and the risk of any errors that may occur in its processing, related to human intervention, is significantly reduced. Also the cash flow for both the invoice issuers, as well as for their recipients becomes efficient.

LEVEL OF CUSTOMER SATISFACTION

TRANSFOND annually performs a study regarding customer satisfaction. In 2017, the areas investigated included: the Electronic Payment System, the electronic archiving service - e-Arhiv@, the electronic invoicing service - e-Factor@. Regarding the EPS, the reaction percentage of the questioned entities was 100%, with a total number of 41 institutions. The respondents have been represented by EPS contacts. The total satisfaction percentage is 95,15%, %, in accordance with the target set for this indicator (93,91%) in the company development strategy for the period 2016 - 2018.

For e-Factor@ (including the e-Arhiv@ component), we have questioned the customers in operation in December 2017, all of them offering answers. The total satisfaction percentage is 93,6%, registering an increase compared to the previous year. Regarding e-Arhiv@ we have questioned the customers in operation in December 2017 and 100% of them have provided answers; the total satisfaction percentage is 95,7%, higher than the one recorded during the previous year.

We can conclude that the general reaction of the banks of the other categories of customers questioned in relation to the services offered by TRANSFOND in 2017 is a positive one, reflecting the efforts of the company to maintain it's performance, at the same time with aiming at developing new features of the existing products, as well as new products, in full agreement with the market requirements and with the effective legislation

TRANSFOND



CHAPTER

7

STATISTICS SECTION

Payments Statistics – SENT

Year	Volume of electronic payments during 2005 (May) – 2017 (number of operations)	Value of electronic payments during 2005 (May) – 2017 (million Lei)
	SENT (CT+DD+DI)	SENT (CT+DD+DI)
2005	31,934,558	81,284
2006	54,796,193	143,067
2007	55,434,395	167,321
2008	51,694,644	206,118
2009	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

Notes:

*) On May 13, 2005 the SENT system went live.

**) On October 10th, 2008, the electronic processing of debit instruments module went live.

Performance of TRANSFOND services in 2017

During 2017, the availability level in terms of customer perception of these services has been over 99.98% for each of the SENT components, while the average availability for the SENT technical services was 100%.

According to the availability levels achieved, compared to the minimum availability level of the SENT component contractually undertaken (99%), we can conclude that SENT, from all points of view (information system, infrastructure services and technical operation) ensures a high quality level for the provided services.

The evolution of the availability of the SENT components

Indicator	2016	2017
Technical Services		
SENT – RON Component	100%	100%
SENT – EURO Component	100%	100%
Customer perception		
SENT – RON Component	99,998%	99,989%
SENT – EURO Component	99,998%	99,993%

THE EVOLUTION OF FEES CHARGED BY TRANSFOND FOR PAYMENT OPERATIONS

System	Fee type	Fee value valid from... (Lei)								
		Before SENT go-live	After SENT go-live	8/08/2005	1/03/2006	2/10/2006	1/02/2007	10/10/2008**)	1/07/2009	1/07/2009
	Total fee/payment transactions, charged as follows:	2,09	1,65	1,10	0,75	0,64	0,61	0,58 → CT and DD 1 → DI electronically processed	0,55 → CT and DD 0,95 → DI electronically processed	0,51 → CT and DD 0,88 → DI electronically processed
SENT	Payment order – payer	1,045	1,10	1,10	0,75	0,64	0,61	0,58 → OP/CT	0,55 → OP/CT	0,51 → OP
	Payment order – beneficiary	1,045	0,55	-	-	-	-	0,58 → DD 1 → DI electronically processed	0,55 → DD 0,95 → DI electronically processed	0,51 → DD 0,88 → DI electronically processed

Notes:

*) On May 13, 2005 the SENT system went live.

***) On October 10th, 2008, the electronic processing of debit instruments module went live.

TRANSFOND

1, Ficusului Blvd., District 1,
Bucharest, Romania, Post Code: 013971
Phone: (+40)21.201.77.00 | Fax: (+40)21.233.41.69
e-mail: info@transfond.ro

www.transfond.ro

