



TRANSFOND

ANNUAL REPORT 2020

www.transfond.ro

Racos Volcano



Danube Canal

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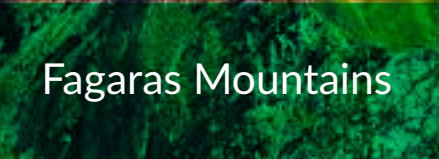
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Fagaras Mountains

ABBREVIATIONS

ACH	Automated Clearing House
AliasPay	Payment initiation service using the recipient’s phone number instead of the IBAN
ARB	Romanian Association of Banks
CT	Credit Transfer
DD	Direct Debit
DI	Debit Instrument
e-Arhiv@	TRANSFOND Electronic documents Archiving Service
e-Factur@	TRANSFOND Electronic Invoicing Service
EPS	Electronic Payments System
ReGIS	Real Time Electronic Gross Interbank Settlement
SAP	Participants Management service, offered by TRANSFOND
SaFIR	Settlement and Financial Instruments Registration
SCT	SEPA Credit Transfer
SCTInst	SEPA Instant Credit Transfer
SDD	SEPA Direct Debit
SENT	Electronic System for Net basis settlement of TRANSFOND
SEPA	Single Euro Payment Area
SPL	Standardised Proxy Lookup
TRANSFOND	Company for Funds Transfer and Settlement - TRANSFOND S.A.

TRANSFOND

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Although 2020 was marked by the onset of the pandemic generated by SARS-COV2 virus, TRANSFOND started early the rearrangement of internal processes, in order to ensure business continuity in the same conditions of high quality and security for services provided, as well as economic efficiency and profitability.

The economic crisis triggered amid the declaration of state of emergency in Romania and then throughout the administration of the impact of the pandemic, determined by the total or partial closure of some activities, generated a chain reaction, with propagation across all economic sectors. Even in these circumstances, all necessary measures have been taken so that TRANSFOND is able to provide all of its services in optimal conditions, while adjusted to the new circumstances.

Thus, the Automated Clearing House - SENT, has seen an increase of transaction volumes in 2020 if compared to 2019. The same trend has been recorded by electronic document archiving services (via e-Arhiv@).

The staff efforts led to a 100% availability level for payment services, 99.81% for electronic archiving service and 100% for electronic invoicing service.

A significant event for 2020 was the completion of **AliasPay**, making it available to payment institutions for testing and development of integrated solutions, starting with September last year. This is a SPL (Standardized Proxy Lookup) type service that facilitates the initiation of payments based on an alias (mobile phone number) that the payer knows at the time of transaction initiation.

The service performs the correlation between the alias and the IBAN account number of the payee for payment service providers.

With regard to e-Business services, TRANSFOND remained the market leader in the banking financial segment, for electronic document archiving services, and for electronic invoicing, although the latter was negatively impacted in 2020 by the effect of pandemic mitigation measures, we noticed an ever-increasing number of service recipients asking to receive invoices in electronic format.

The main starting point in establishing and extending the development directions of TRANSFOND has always been and will remain the permanent communication with the members of the financial banking community, with the central bank and all parties interested and involved in the company's activity.

Thus, for 2021 we want to keep the interest of the financial community alert for new developments in the field of payment services for the local market and we hope that efforts to support banking and digitization of payments in Romania will yield even more consistent results.

Sabin Carantină
General Manager



MESSAGE FROM THE GENERAL MANAGER

TRANSFOND

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01

THE STRATEGIC PERSPECTIVE
OF THE COMPANY

TRANSFOND

VISION

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

MISSION

In accordance with the requirements of the PFMI and of the NBR Regulation no. 3/2018, TRANSFOND's mission is a permanent one and focuses on the following:

- providing safe and efficient operation of the Automatic Clearing House for retail non-card interbank payments;
- supporting broad-based financial stability in the general public interest, including taking into account the needs of all stakeholders to the Automatic Clearing House (National Bank of Romania, direct and indirect participants, end-users of retail payments services);
- the development of local retail payments as a whole.

VALUES

Integrity, respect and equality of chance

Everything we do is guided by integrity and correctness, respecting the legal provisions in force, as well as the anticorruption policy of the company, 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.

Customer 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 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 policy undertaken by the company both in its entirety as well as at the level of each employee.

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.

Cazanele Dunarii

02 ORGANIZATION AND GOVERNANCE



Red Lake

SHAREHOLDERS

1	BANCA NAȚIONALĂ A ROMÂNIEI
2	BANCA TRANSILVANIA S.A.
3	UNICREDIT BANK S.A.
4	PATRIA BANK S.A.
5	BRD - GROUP SOCIETE GENERALE S.A.
6	RAIFFEISEN BANK S.A.
7	BANCA COMERCIALĂ ROMÂNĂ S.A.
8	ALPHA BANK ROMÂNIA S.A.
9	BANCA ROMÂNEASCĂ S.A.
10	ING BANK N.V.
11	C.E.C. BANK S.A.
12	LIBRA INTERNET BANK S.A.
13	FIRST BANK S.A.
14	BANQUE BANORIENT FRANCE S.A.
15	CREDIT AGRICOLE BANK ROMÂNIA S.A.
16	INTESA SANPAOLO ROMÂNIA S.A.
17	CREDIT EUROPE BANK ROMÂNIA S.A.
18	CITIBANK EUROPE PLC
19	BANCA DE EXPORT IMPORT A ROMÂNIEI EXIMBANK S.A.
20	IDEA BANK S.A.



THE BOARD OF DIRECTORS OF TRANSFOND

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 Officer

MIRELA RAȚIU
Deputy Chief Executive Officer

TRANSFOND



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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.

The governing mechanisms of TRANSFOND comply with the provisions of the NBR Regulation no. 3/2018 regarding monitoring of the financial market infrastructures and of payment instruments. 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, a Board of Directors made up of 9 members - individuals who represent *intuitu personae* each and every 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's 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.

SOCIAL RESPONSIBILITY

For TRANSFOND, social responsibility is a permanent concern.

Thus, the company also carried out community involvement activities in 2020, being active in supporting orphanages, in supporting special healthcare cases, as well as in supporting cultural projects.

03 FINANCIAL STATEMENTS

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Vidraru Lake

ANNUAL BALANCE SHEET

As of 31 of December 2020 Lei

ASSETS	
FIXED ASSETS	20.336.866
Intangible fixed assets	829.728
Tangible fixed assets	19.449.238
Financial fixed assets	57.900
CURRENT ASSETS	49.089.396
Stocks	73.085
Receivables	8.369.940
Short term financial investments	0
Cash and Accounts in banks	40.646.371
PRE-PAID EXPENSES	2.133.307
LIABILITIES	
Debts payable within one year	5.431.732
Debts payable within a period exceeding one year	0
Provisions for contingent charges	4.255.354
Pre-paid income	30.097
Capitals	61.842.386

PROFIT AND LOSS ACCOUNT

As of 31 of December 2020 Lei

TOTAL INCOME	77.023.953
Operating income	76.299.932
Financial income	724.021
TOTAL EXPENDITURE	46.070.470
Operating expenses	46.039.287
Financial expenses	31.183
GROSS RESULTS	30.953.483
Income tax	4.865.584
NET PROFIT FOR THE FINANCIAL YEAR	26.087.899

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04

QUALITY, INFORMATION
SECURITY AND BUSINESS
CONTINUITY MANAGEMENT
SYSTEM



The Danube Delta

QUALITY MANAGEMENT

The permanent concern for keeping the highest quality standards for the activities carried out within the company is put in practice by the continuous improvement of our Quality Management System, implemented and certified under ISO 9001:2008 standard. Thus, the last external audit carried out in May 2020, by the certification body SC INTERTEK LABTEST SRL, with UKAS accreditation (The United Kingdom Accreditation Service), which was a surveillance audit II, ended with a report following which the company retains its certification for the remaining period of this certification cycle (for 2020). We must mention that TRANSFOND has held this certification since 2009, the recertification being achieved in 2012, 2015 and 2018.

INFORMATION SECURITY

The implementation and certification of an Information Security Management System (ISMS) according to ISO 27001 is a strategic decision for any organization because it gives an important guarantee regarding the security of the certified company, as well as of the clients' and business partners' information. TRANSFOND's ISMS system is based on a risk approach to which the organization is exposed and aims to establish, implement, operate, monitor, review, maintain and improve information security. TRANSFOND has aligned with the requirements of the new version of ISO 27001:2013 standard since 2015.

Obtaining a new ISMS certificate gives assurance that best practices for planning, installing, configuring, using and maintaining information systems have been applied.

Also, in order to support the participants in the Automated Clearing House - SENT, during the state of emergency /alert, additional instructions were drawn up for the financial institutions participating in the system regarding the performance of payment activities from non-certified secondary offices, as well as for carrying out this activity from home, in the situation where the restrictions imposed by the authorities do not allow the movement of employees to the headquarters, taking into account the prevention of the materialization of the cyber risks generated by the organization of the activity in this way.

Also during 2020, the Cyber Resilience Framework and the General Information Security Policy were updated and approved by the Board of Directors and a penetration test was performed, resulting in a low level of vulnerability of the organization.

At the same time, the documentation required by the applicable legislation - NIS Law 362/2018 was prepared and submitted in December 2020, for the notification regarding the registration in the Register of essential service operators.

Maintaining the certification of quality and information security management systems represents the effort made by the entire organization towards providing the best quality services to its customers and is the expression of the organization's competence in offering value to all stakeholders: customers, shareholders, employees, suppliers, community.



TRANSFOND

The Danube Delta

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.

The joint efforts of the systemic elements minimize the impact of possible crisis situations on the company and allow TRANSFOND to quickly resume appropriate operation of its critical processes such as the payment systems and financial instrument settlement systems, as well as other services offered by the company.

The process of improving the business continuity management system and updating the plan to ensure the business continuity is carried out continuously. Thus, in the first part of 2020 the continuity documentation was updated, and tests were successfully carried out in the second semester for each of the services offered by TRANSFOND (SENT, e-Arhiv@, e-Factur@).

At the same time, following the pandemic situation generated by SARS COV2, the crisis management team was activated, developing and implementing a Plan of measures to limit the effects of the spread of SARS COV2 and ensure business continuity. To date, the measures taken have proved to be effective, so that business continuity has not suffered.

RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL

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 and which may affect the achievement of objectives are analysed and monitored, and measures are taken regarding any change of the conditions in which it operates.

The activity in the field of risk management was focused in 2020 mainly on punctual risk analyses (e.g. updating the Recovery and / or orderly liquidation plan for compliance with NBR Regulation n° 3/2018, analysis of identified risks following the implementation of measures in the context of the spread of SARS COV2 virus, permanent monitoring of the effects of SARS COV2 epidemic on the financial, operational and risk management situation and monthly reporting to the Board of Directors of the monitoring results), as well as on updating of the procedural framework in the field.

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05

COMPANY'S
ACTIVITY

TRANSFOND

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TRANSFOND was founded in 2000 with the purpose to develop and assume the role of technical operator of the Electronic Payments System in Romania. It was 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 component for electronic processing of debit instruments (checks, bills of exchange and promissory notes) within SENT, in 2008. The system was developed for the adoption of the European standards, by launching the SEPA Program, during 2012 - 2016. Starting March 2018, the technical operation of ReGIS and SaFIR is provided by the National Bank of Romania.

In the over 15 years of uninterrupted activity in support of the financial-banking community in Romania, SENT, the ACH provided by TRANSFOND has registered a process of continuous development, in an effort to adopt European payment standards, as well as to meet the requirements and needs of payment institutions, current or future - in preparation for the scenario of 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).

Subsequently, in April 2016, the processing of Direct Debit in SEPA format in national currency (SDD) went live. The SDD component includes an additional service for centralized management of interbank direct debit mandates - RUM. Adjacent, TRANSFOND provides end users an application for issuing direct debit orders - AM. Moreover, following the development of the SENT Automatic Clearing House, in April 2019 TRANSFOND launched the Instant Payments component in national currency.

In September 2020¹, TRANSFOND launched a service (related to the types of payments already offered within the Automated Clearing House) - AliasPay, through which consumers, clients of payment service providers participating in SENT, can initiate extremely simple payments between two accounts opened at different banks (participating in the service), using only the mobile phone number of the payee.

More information regarding the timeline of SENT providend TRANSFOND can be found in the following table.

¹ The first participants of this AliasPay service were operationalized in March 2021.





The Danube Delta

HISTORY

1991	The National Bank of Romania initiated the reform of the Romanian payment system.
1995	The interbank payments system in national currency paper based, with pre-defined settlement time ranges was commissioned.
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 and in order to comply with the requirements of the PSAL II Agreement with the World Bank,, 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. The project started under the coordination of the National Bank of Romania and in the implementation of TRANSFOND S.A..
2003 (September)	The State Treasury became a participant in the payments 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)	Starting with this date, the technical administration and operation of the ReGIS and SaFIR systems is provided by the National Bank of Romania.
2019 (April)	The Instant Payments in RON service was launched – as a component of SENT.
2020 (September)	AliasPay was launched - an auxiliary SPL type application (Standardized Proxy Lookup), which allows the initiation of payments via mobile devices, knowing only the beneficiary's mobile phone number, instead of his/her IBAN.



Bran, Brasov

Along with the operationalization of the Automated Clearing House, registered under the name SENT, in 2005 TRANSFOND became a central point of the financial and banking infrastructure, by ensuring the processing of the low value² payment orders and of debit payment instruments, irrespective of their value, in national currency (these payments are commonly known as “retail payments”). The system currently processes 95% of the total interbank domestic payments (according to the number of operations).

SENT - TRADITIONAL PAYMENTS IN RON AND EURO

The evolution of **SENT - Multiple Payment in RON Component** (processing of **traditional payments**) experienced an increase in the volume of operations by over 13% and their value by 5%, in 2020 compared to the previous year, a rate higher than the growth of recent years, due to the pandemic boosting the use of electronic means of payment.

A maximum of transactions processed in 2020 was reached on December 14, when SENT processed over 1.1 million transactions.

The evolution of traditional payments processed through SENT can be summarized as follows:

- the volume of low-value payment orders increased by approximately 14%, and their value by over 6%;
- the volume of debit payment instruments decreased by almost 19%, and their value decreased by almost 5%;
- the volume of direct debits increased by over 15%, and their value decreased by approximately 5%.

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.

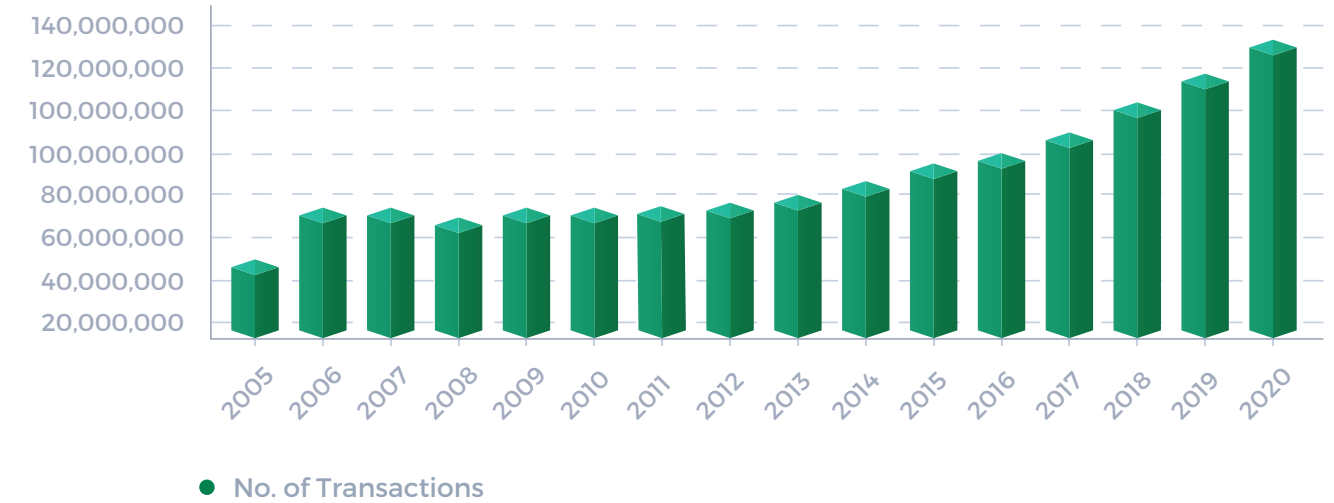
The downward trend in the volume of debit instruments has maintained, in particular due to the redirection of some of the payments from the interbank circuit to intra-bank solutions, migration from checks (with prohibitions on the use of this type of instrument by issuers for periods of one year in case of incidents in their payment) to cash or card payments and, last but not least, as a result of a trend to reduce the payment acceptance of these instruments, determined by the immediate liquidity needs of suppliers.

The increase of over 15% in the direct debits volumes compared to 2019 was determined by the expansion of use by customers of institutions that offer this type of instruments, following promotion campaigns made by some participants among beneficiaries.

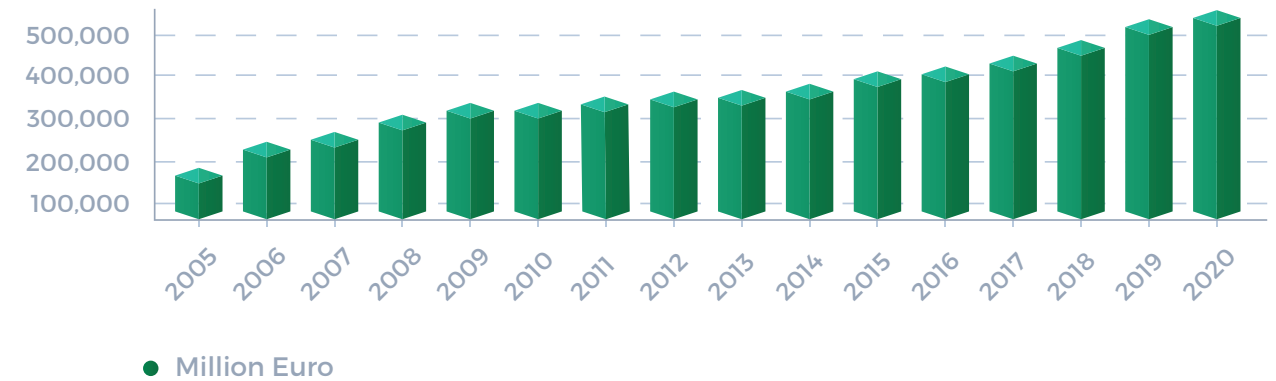
² Bellow the value of 50.000 lei (exclusively)



Evolution of the volumes of operations processed by SENT - Multiple Payments Component in Lei (2005-2020)



Evolution of the value of operations processed by SENT - Multiple Payments Component in Lei (2005-2020)

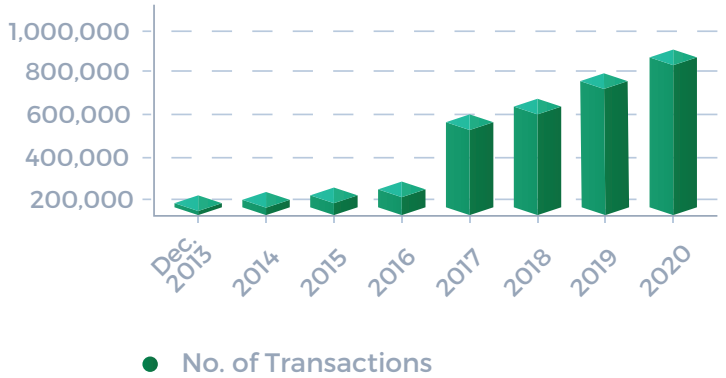




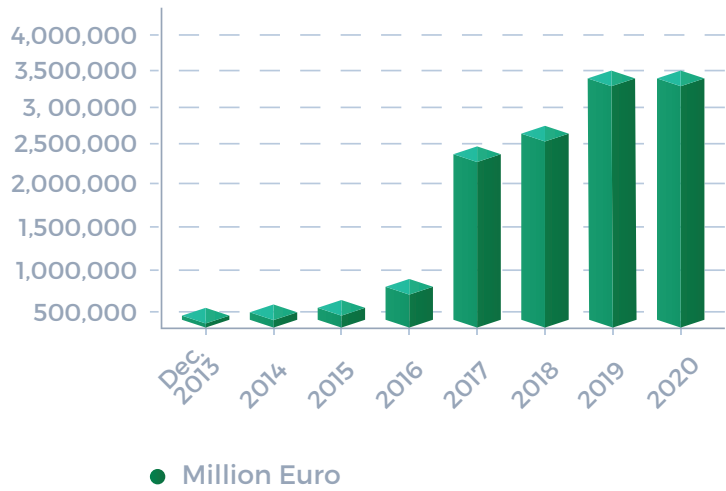
Red Ravine

With regard to the operations processed through SENT - Multiple Payment Component in Euro, their volume registered an increase in the number of payment orders processed by almost 19%, as a result of the increase in the volume of cross-border collections received from TRANSFOND's partner clearing house (equensWorldline), but also in the volume of payments of SENT participants.

Evolution of the volumes of operations processed by SENT - Multiple Payments Component in Euro (Dec. 2013-2020)



Evolution of the value of operations processed by SENT - Multiple Payments Component in Euro (Dec. 2013-2020)



The evolution of the volume and of the value of the payment instruments processed through the SENT system - Multiple Payment Components in RON and EUR graphically illustrated, is detailed in the Statistics Section.

SENT - INSTANT PAYMENTS COMPONENT IN RON

At international level, as well as at European level in particular, the authorities in the field, together with industry experts, consider that instant payment processing is becoming the new standard for processing any kind of payments, especially the retail type.

In this context, on April 22, 2019 TRANSFOND together with the first clients launched Instant Payments, a service which offers the banking community and payment institutions a new product, capable of processing payments 24/7/365 within a maximum of 10 seconds, account-2-account, in accordance with the European standards in the field. The service became operational at launch date for Banca Transilvania and CEC Bank, credit institutions open to innovation, which have chosen to adopt the new payments processing standard. They were followed, in the same year, by BCR and Libra Internet Bank, who decided to join this initiative and offer their own customers the possibility to use this service. The assimilation of this new service, both for consumers and banks, knows a gradual increase, due to the pronounced novelty character, as well as the relatively short time from the date of operationalization.

The context for the launch of Instant Payments by TRANSFOND was a complex one: on the one hand, the European and global payments industry is rapidly moving towards the Instant Payments standard (including both traditional banks and PSPs, as well as FinTechs), and on the other hand, the local payments market is, compared to the rest of the European Union, the last in category of electronic payments per capita, which indicates a massive deficit of financial education and practice, manifested both at the level of individual consumers and institutional payments services users.

At the date of this report, the volume of operations processed in **SENT - Instant Payment Component in RON** registered an increase of over 11 times compared to 2019.

A maximum of transactions processed in 2020 was reached on December 15, when the Instant Payment service processed over 5,700 transactions.

The three defining attributes of Instant Payments: **SPEED, SAFETY AND CONTINUOUS SERVICE**

Speed is provided by the use of the highest technologies in service delivery and the compliance with relevant European standards.

Safety resides in the fact that instant payments are transferred inter-bank by TRANSFOND (the administrator and the operator of the Automated Clearing House for interbanking payments) and have the final and irrevocable settlement provided by the National Bank of Romania. In addition, the service is provided to end users by banks and other payments institutions authorized and prudentially supervised by the NBR, so that payment processing and the management of the information attached to them are guaranteed in complete security.

The delivery of **continuous** payments services, 24/7, is the decisive factor for its adoption by the new generations of consumers and business and/or institution managers. The technology selected for building the interbank infrastructure unequivocally ensures its full time operation, and in parallel, stimulates the adjustment and even optimization of the banks' internal processes, in order to meet the same requirements.

Fagaras Mountains



Fagaras Fortress

SENT – ADDITIONAL SERVICES

AliasPay (or SPL), which facilitates bank customers to initiate interbank payments using their mobile phone and phonebook information, has been operational since September 2020, with the launch of the AliasPay service for end consumers on 18 March 2021, together with Banca Transilvania and CEC.

Financial services consumers will be able to use AliasPay as long as banks which they have an account with (payment service providers) connect to this service.

To become a beneficiary of payments through AliasPay, any customer of a participating bank must first activate the service. By subscribing to AliasPay, the alias data is transmitted to TRANSFOND, so that from that moment the customer will be able to receive amounts in an account easily, based on his /her phone number used to initiate the payment by any customer of a participating bank.

For banks and non-bank payment service providers, AliasPay brings a number of benefits, including: operational safety, efficiency, ensuring interoperability at SEPA level without the need for development by the participant, electronic archiving (optional), HelpDesk available 24/7/365, reuse of communication networks through which payment institutions are already connected to the Automated Clearing House managed by TRANSFOND. The level of security and availability of the service is similar to that ensured for the operation of the Interbank Clearing House, TRANSFOND providing a response time to queries of less than 2 seconds for AliasPay.

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 high volumes 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 reorganization of the activity, along with the efficient management of SENT, with an availability of more than 99.99%, during all 15 years of operation.

Carpathians

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-Factur@, both premieres for the Romanian market, at the time of their go-live.

E-ARHIV@ - ELECTRONIC DOCUMENTS ARCHIVING



Starting July 2009, TRANSFOND became the first electronic archive administrator accredited in Romania³, by launching e-Arhiv@, being entitled to perform electronic archive management activities under Law no. 135/2007 concerning the electronic archiving, its data centers obtaining all necessary reauthorizations, every 3 years, respectively 2012, 2015 and 2018. The reauthorization has always involved a prior external audit carried out by an auditor appointed by MCSI, according to the effective legal regulations.

By providing 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 center, 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.

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 over 85% on the banking segment for e-Arhiv@ in 2020, the company thus maintaining the market leader position in this sector.

e-Arhiv@ continued to register in 2020 a high availability level, of 99.81%, compared to the assumed contractual level of 95%.

³ based on the Order of the Minister of Communications and Information Society no. 522 / 08.07.2009

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E-FACTUR@ - ELECTRONIC INVOICING SERVICES



The electronic invoicing service e-Factur@, 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 provided 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-Factur@ as a service provided to the real economy by TRANSFOND, through 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.

e-Factur@ 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-Factur@, Invoice e-Archive, through e-Arhiv@ (for archiving electronically generated invoices).

In 2020, the number of electronic invoice recipients with an account opened in e-Factur@ increased by 12% compared to the previous year, reaching 37.287 customers for viewing and downloading invoices. The increase is largely due to customer's adoption of online receipt of invoices during the pandemic.

The availability of the e-Factur@ in 2020 had the maximum level of 100%, well above the contractual level of 95%.

In order to help customers issuing invoices whose work schedule has been affected by the pandemic, TRANSFOND has introduced, since May 12, 2020, two new facilities in e-Factur@, consisting in extending the time of files receipt in the system and extending the time frame in which issued invoices are available for viewing and downloading for issuers - to one year. These changes were made after consulting customers, and are reflected in a revised version of the e-Factur@ terms and conditions of use.

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-Factur@ 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.

TRANSFOND

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

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. There is also a cash flow optimisation, both for the invoice issuer, as well as the recipient.

CUSTOMER SATISFACTION LEVEL

TRANSFOND annually performs a study regarding customer satisfaction. In 2020, the questionnaires concerning TRANSFOND's customers have focused on studying their degree of satisfaction regarding the services offered by the company, with the following investigated areas: The Automated Clearing House - SENT, electronic archiving system - e-Arhiv@ and the electronic invoicing service - e-Factur@.

Regarding SENT, the total satisfaction percentage is 97.10%, higher compared to the one registered the previous year (96.63%).

For the e-Factur@ (including the e-Arhiv@ component), we have questioned the customers in operation in December 2020. The total satisfaction percentage is 97.07% higher compared the previous year when it was 95.37%.

For e-Arhiv@, we have questioned the customers in operation in December 2020. The total satisfaction percentage is 97.86%, similar to the one registered in the previous year (97.51%).

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 2020 is a positive one, reflecting the efforts of the company to permanently improve its activity.

Danube

Bolboci Lake

06 STATISTICS SECTION



Peles Castle

Volumes and values of electronic payments în Lei processed during 2005 (starting May) – 2020

Year	Volume of electronic payments în Lei processed during 2005 (starting May) – 2020 (number of operations)	Value of electronic payments in Lei processed during 2005 (starting May) – 2020 (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
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
2018	105.886.325	383.444
2019	119.434.133	426.408
2020	135.303.866	447.395

Note:*) On May 13th, 2005 the SENT system went live.**) On October 10th, 2008, the electronic processing of debit instruments module went live.



Corvin Castle

Volumes and values of electronic payments in Euro processed during 2013 (December) – 2020		
Year	Volume of electronic payments in Euro processed during 2013 (December) – 2020 (number of operations)	Value of electronic payments in Euro processed during 2013 (December) – 2020 (million Euro)
Dec-13	353	0,73
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

PERFORMANCE OF TRANSFOND SERVICES IN 2020

In 2020, SENT was operated within normal parameters, in compliance with the laws, regulations and the related contractual framework.

SENT as a whole (IT application, infrastructure and technical operation services) offered a particularly high level of quality of the services provided. The average availability level in 2020 was 100% for SENT technical services and 99.99% in terms of IT application and customer perception of SENT services provided.

An aerial photograph of the Sighisoara Citadel in Romania. The citadel is a large, light-colored stone building with multiple windows and a central tower, surrounded by a high stone wall. It is situated in the center of a town with many colorful houses and red-tiled roofs. A parking lot is visible in the bottom left corner. The image has a green tint at the bottom and a dark green rectangle in the top right corner containing the text 'Sighisoara Citadel'.

Sighisoara Citadel

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