

# EOS JOURNAL

THE MAGAZINE FOR CLIENTS OF THE EOS GROUP – ISSUE 02.2018

## A REVOLUTION FOR BANKS

An EU directive  
is creating new  
business models for  
financial institutions

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## PAYING MADE EASY

The simple way to  
settle debts: EOS  
offers many options

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Focus on paying

# The new flexibility





**Klaus Engberding**  
Chairman of the  
EOS Group's Board of Directors

Dear reader,

The increasing regulation of the financial services industry is causing headaches for bank directors. That is just one of the findings of a worldwide survey conducted by the management consulting firm PwC. A different study found that regulation can encourage innovation. That apparent paradox was reported by software developers CA Technologies. Of the European banks surveyed, 86 per cent said that investments in the implementation of the Payment Services Directive 2 (PSD2) would accelerate their digital transformation programmes. The European lawmakers want the new directive to increase payment transaction security and promote more competition. Since January banks must give third-party providers access to their clients' account information. For banking institutions, that means more competition on the one hand and the chance to offer new services on the other. In the cover story on page 10 you can find out how banks might use this opportunity.

EOS also is working with payment service providers. Our objective is to make it as easy as possible for consumers to settle their outstanding bills. To discover how we use in-house and third-party solutions to provide consumers with convenient payment options, please turn to page 14.

Keep questioning.

Klaus Engberding



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Important Internet: Telecommunications companies get their money before other providers do

## Better stay online

Survey in Hungary: Consumers prefer to pay these debts first.

**H**ungarian consumers pay bank debts first, according to a survey by EOS in Hungary. Then they settle debts with telecommunications companies. In last place are debts towards other providers. 'The majority of 20 to 40 year-olds could not live without their smartphones and Internet access. So they pay their bills from telecommunications companies before paying bills from other providers', explains Marianna Agárdi, Director for the collection of unsecured debts at EOS in Hungary.

For the survey, EOS examined several hundred thousand unsecured receivables – pseudonymised and compliant with data protection requirements. ■

## The future is here

EOS in Germany is deploying its new data-driven debt collection software for the first time.



**Valuable data analysis:** EOS is building the optimal debt collection system

**A**t EOS in Germany, the debt collection software of the future has been launched. In November 2017, a minimum viable product (MVP) went live. This is a simple initial version of the new debt collection solution 'Best Next Debt Collection' currently under development by Project FX. In the future, this solution will automatically initiate the best possible collection measure to be undertaken next – individually for each debtor.

The MVP has been used to date for selected receivables managed by EOS on behalf of OTTO. This involves employees from client invoicing working side-by-side with debt collection officers and developers. Users can give the programmers direct feedback at any time.

Michael Robert, Lead Product Owner at EOS Deutschland in Germany, explains the benefits of this agile approach: 'The learning effect generated by live operation is enormous. We are working continuously on new features and enhancements. We are building the optimal debt collection system in line with our motto 'Fail fast and learn faster'.

There are still a few years to go before 'Best Next Debt Collection' is ready to be deployed for the millions of receivables managed by EOS. But the end goal has already been set: The new software is a system that will set standards for quality and payment success in the digital age. ■



**Anniversary:** The management team of EOS Matrix in Macedonia celebrated with clients

## 15 years of transformation in Macedonia

'For 15 years EOS Matrix in Macedonia has been continually reinventing itself', said Managing Director Katerina Bosevska in March at an anniversary reception in Skopje with business partners and employees. In 2003 EOS in Macedonia started out with just five employees and one client from the banking industry. 'In recent years, we have proven just how important the contribution made by debt collection is to the Macedonian economy', says Ms Bosevska. Today 85 employees support clients from a variety of sectors. EOS has also been purchasing receivables portfolios from banks since 2016. 'We are always adapting to changing conditions, such as the opening of the local banking market for receivables purchases', explains Ms Bosevska.



**Expert in Eastern European markets:** Marwin Ramcke, Member of the EOS Group's Board of Directors responsible for Eastern Europe, at the 'Debt in European Emerging Markets' (DEEM) conference in Bucharest

**NPL TRENDS**

# 'Interest in co-investments'

EOS Group experts are in demand as speakers when banks and investors discuss the latest trends in non-performing loans. They contribute their know-how as investors and service providers – as was recently the case at conferences in Bucharest and London.

Which trends characterise the market for non-performing loans (NPLs for short)? Where are the hottest regions for NPL transactions? The experts at EOS are usually present when the sector discusses such questions at conferences. Marwin Ramcke, Member of the EOS Group's Board of Directors responsible for Eastern Europe, was one of the specialists who took part in the 'Debt in European Emerging Markets' (DEEM) forum. At the conference in Bucharest (Romania) he took part in a panel discussion on the Romanian market. 'In past years, banks in Romania have sold a large portion of their NPLs. Nevertheless, the Romanian and indeed the entire Eastern European market offer much potential for NPL transactions in the coming years', predicts the Eastern European expert.

**Several billion euros**

Ms Jelena Jović Milentijević, Managing Director of EOS Matrix in Serbia, spoke at the 'NPL Europe' conference in London (United Kingdom) early in the year about her native market. Her conclusion: 'Insolvency proceed-

ings need to be improved to invigorate the Serbian NPL market. It is frequently the case that sellers lack experience and suitable IT solutions for this type of transaction.'

The panel discussion involving Mr Ramcke delved into the topic of which are the hottest European NPL markets at present. Their conclusion was that Greece, Italy and Spain are particularly active. 'Greek banks, for example, have been selling unusually large portfolios since 2017 with nominal values of several billion euros', says Mr Ramcke. This is why he identified growing interest in co-investments when in London. 'We spoke with banks and investment funds about potential cooperation projects', he explains. 'In such cases EOS shares in the investment and assumes responsibility for processing the receivables after the purchase.'

 An overview of all events featuring EOS experts: [bit.ly/EOS\\_Events](http://bit.ly/EOS_Events)

**WHERE YOU CAN MEET THE EOS EXPERTS**

- 06 – 07 June 2018  
**14th Annual Credit Risk Management Forum, Vienna (Austria)**
- 19 – 20 June 2018  
**NPL Italy, Milan (Italy)**
- 19 – 21 September 2018  
**Credit Matters VII, Budapest (Hungary)**
- 27 – 28 September 2018  
**NPL Europe 2018 Autumn, London (United Kingdom)**
- 12 – 15 November 2018  
**SSOW Shared Services and Outsourcing Week, Berlin (Germany)**
- 28 – 29 November 2018  
**NPL Iberia, Madrid (Spain)**

## ERROR MANAGEMENT CULTURE

# It's OK to make mistakes

Companies in Silicon Valley set the example: Mishaps may happen, as long as everyone learns from them. The EOS Group also encourages dealing openly with errors made on the job.

The first member of a penguin colony that jumps into the water is doing his companions a great service. Either he reaches the feeding grounds – or ends up in the jaws of a voracious predator. Then the waiting penguins know whether they can safely dive in or wait till the coast is clear. Such courage for the sake of the community inspired Internet giant Google to introduce its Penguin Award, which goes to employees who have failed in a project. The point is to encourage employees to try new things without fear of failure.

## Turning setbacks into success

From Silicon Valley, the motto 'fail forward' has made its way to enterprises all over the world. More than a few words is required, however, to foster a culture in which errors are handled constructively. In March 2017, therefore, EOS Holding in Hamburg, Germany, launched the campaign called 'Mistake of the Kvarter'. The idea is that employees can submit their own failures. Each quarter, Klaus Engberding, CEO of the EOS Group and patron of the campaign, chooses the winner. 'The purpose of "Mistake of the kvarter" is not to point the finger at anyone. Instead, we want to call attention to the fearless handling of errors and learning from them', says Sylke Sergel, Head of Corporate Human Resources of the EOS Group. One of the award winners is Angelo Toudeka. He is undergoing business training in office management at EOS in Hamburg, Germany. His mistake was booking invoices incorrectly because he was afraid to ask colleagues for help. But he confessed his blunder: 'I want to en-



**Angelo Toudeka and Sylke Sergel:**  
Excellent handling of slip-ups

## Angelo Toudeka

Trainee in office management at EOS in Hamburg, Germany



I want to encourage young people in the company to resolve issues and errors straightaway.

courage young people in the company to resolve issues and errors straightaway'.

## Discussing flops

The budding Office Manager went a step further and presented his experience to a large audience. Together with Jürgen Borgartz and Jörg Schweda, Managing Directors of EOS Deutscher Inkasso-Dienst (DID), Mr Toudeka and other speakers appeared at the Otto Group's 'Fuck-Up Night'. At the event they reported on their failed projects and the lessons they have been able to learn from them.

Beyond the 'Mistake of the Kvarter', EOS is focusing on the subject of error management culture. Thus, the renowned German corporate coach Ralf Schmitt recently discussed the way to deal with setbacks with the CEO and employees. He says, 'Employees should learn to be spontaneous and flexible in finding solutions to errors'. For as digitisation progresses, hierarchies lose their meaning and employees act with increasing independence. Ms Sergel stresses: 'We foster flexibility and accountability. That's also why mistakes sometimes happen. But we can improve only if we deal with them openly'. ■



**Efficient connection:** Daniel Daub (left), CFO, and Blaženka Klobas (right), Customer Finance Director at Hrvatski Telekom, with Barbara Cerinski of EOS Matrix

**TELECOMMUNICATIONS**

# Turning receivables into cash flow

Hrvatski Telekom in Croatia is the country's largest private investor. With the aim of bolstering its financial strength, the corporation is selling parts of its receivables to EOS Matrix in Croatia.



**Blaženka Klobas**  
Customer Finance Director,  
Hrvatski Telekom in Croatia



A cost-benefit analysis has shown that debt sales provide financial advantages.

**SHORTCUT**

- Hrvatski Telekom is investing in faster and better networks and services in Croatia.
- Forward-flow debt sales help the company to strengthen its balance sheet and reduce costs.

The Pelješac Bridge is certainly one of the most ambitious construction projects the Croatian state has undertaken since its founding in 1991. At around 2.4 kilometres in length, this cable-stayed bridge will connect southern Dalmatia with the north of the country by 2022. A 20-kilometre stretch of coast belonging to Bosnia-Herzegovina separates



**01 Headquarters in Zagreb:**

Hrvatski Telekom has created more than 5,100 full-time positions

**02 Zagreb:**

Capital of a country with four million inhabitants

**03 Model of Pelješac Bridge:**

The EUR 420 million investment will take travelers more rapidly to their destination by 2022

the two parts of the country. Once complete, the construction project costing around EUR 420 million, will enable locals and tourists to bypass the border controls on this coastal road through Croatia and reach their destination more quickly.

**EUR 800 million invested**

What the Pelješac Bridge seeks to achieve for the economy and tourism, Hrvatski Telekom in Croatia wants to do for mobile communications, the Internet, landlines and television: specifically faster and more convenient connections. It is therefore working with nine-figure sums, which make the investment in the Pelješac Bridge look almost modest. 'We have invested around EUR 810 million over the past four years. This makes us the largest private investor in the country', says Daniel Daub, Chief Financial Officer (CFO) at Hrvatski Telekom. The plan is to provide around one million Croatian households with high-speed Internet by 2020. 'In this way, we alone are implementing 70 per cent of the European digital agenda for Croatia', explains Mr Daub.

Even today, Hrvatski Telekom is the leading telecommunications service provider in the country. The company has ensured that almost 60 per cent of Croatian households can surf the web at more than 30 megabits a second. It has connected around 375,000 households to the fibre-optic network. Since March 2018, it is one of the first providers in Europe to offer Internet access with equally rapid download and upload speeds of one gigabit per second. The corporation is also setting standards when it comes to mobile networks: In 2017, independent market researchers P3 rated the Hrvatski Telekom network as the best in terms of voice quality and data services in 2017.

As an employer, too, Hrvatski Telekom demonstrates a long-term vision: 'We are investing in a new generation of young experts. This helps us ensure that we will have the talent and expertise we need going forward', says the CFO.

**Improving the financial results**

With an eye on strengthening its cash flow and securing its investments, Hrvatski ►



## DUBROVNIK BECOMES SMART – THANKS TO HRVATSKI TELEKOM

A medieval gem with a digital core: Hrvatski Telekom in Croatia is transforming Dubrovnik into a Smart City. The street lights, for instance, are controlled by sensors. If there are no vehicles on the street, they dim automatically. This saves electricity and money. The city also offers free Wi-Fi and uses cameras to better control traffic and help drivers park more easily. This digital parking system detects cars and charges fees without direct contact, such as via mobile phone invoicing. A smartphone app and digital signs direct drivers to the nearest available parking space.

**Data centre:** Hrvatski Telekom is implementing 70 per cent of the European digital agenda for Croatia

Telekom is always looking for the most efficient approaches in receivables management. 'We began outsourcing part of our receivables management ten years ago. This enables us to optimise processes and focus more intensely on our core business', explains Blaženka Klobas, Customer Finance Director at Hrvatski Telekom. 'Our top priority is to continue improving our financial results'.

### Empathy and negotiation skills

The telecommunications giant has been working with EOS Matrix in Croatia since 2009. 'We first used call centre services for fiduciary collection', says Ms Klobas. Hrvatski Telekom set out a number of criteria when selecting a service provider: 'Receivables management is a highly sensitive topic. We therefore demand more from a service provider than simply modern software and a sufficient number of employees', emphasises Ms Klobas. It's important to her that the call centre has well-trained employees whose only job is to conduct telephone calls with customers. 'They should communicate with empathy

and be good negotiators. And we expect the call centre to be staffed throughout the day so that employees can contact our customers at times when they are easiest to reach'. An on-site visit by Hrvatski Telekom was enough to convince them that EOS could meet all these expectations.

'We have a team of 25 call centre employees who are specially trained to work with customers from the telecommunications industry', explains Barbara Cerinski, Managing Director of EOS Matrix in Croatia. A challenge often faced by those processing telecommunication receivables: no up-to-date telephone number. 'If there is no current number on the contracts or invoices, we research it in publicly available databases', explains Ms Cerinski.

### Improving earnings and the balance sheet

In 2015, Hrvatski Telekom switched from fiduciary collection to forward-flow sales to EOS. 'We performed a cost-benefit analysis beforehand, which showed that the sale of receivables would provide advantages. We can generate immediate cash flow

## HRVATSKI TELEKOM

- Hrvatski Telekom in Croatia is 51 per cent owned by Deutsche Telekom. 39.4 per cent is held by institutional and private investors. Smaller stakes are held by the national War Veterans' Fund and the Croatian government's Restructuring and Sale Centre.
- There are around 5,100 full-time positions within the Group.
- Hrvatski Telekom serves approximately 2.2 million mobile phone customers. In addition it provides landline (417,000), broadband (755,000) and television (938,000) services to customers throughout Croatia.
- In 2017, Hrvatski Telekom achieved revenues of EUR 1.05 billion – eleven per cent more than the previous year.

from debts. This enables us to improve our EBITDA and balance sheet', explains Ms Klobas. These sales also help Hrvatski Telekom to lower its costs. 'Expenses for enforcement and court proceedings with customers who have not been paying their invoices for a prolonged period of time no longer apply', says the Customer Finance Director. Hrvatski Telekom is now engaged in ongoing sales of receivables that have been overdue for an average of six months. The professional approach taken by EOS also includes consistently responding to customer complaints. 'Consumers occasionally raise objections to their outstanding debt during the phone call. We carefully verify each complaint and resolve it to the satisfaction of the customer', says the Managing Director of EOS Matrix.

Hrvatski Telekom is entirely satisfied with the services performed by their provider. 'The fact that we have been working together for so long shows how much we value our collaboration with EOS', says Ms Klobas. 'We assume that we will continue in future to our mutual satisfaction'. ■



[Infos bit.ly/EOS\\_in\\_Croatia](https://bit.ly/EOS_in_Croatia)  
More about EOS Matrix in Croatia



**Barbara Cerinski:** The Managing Director made EOS Matrix in Croatia a market leader

## INTERVIEW

# We take the lead in Croatia

Barbara Cerinski, Managing Director of EOS Matrix in Croatia, explains the trends in debt sales in her home country and the benefits of forward-flow contracts.

### How would you describe the market position of EOS Matrix in Croatia?

We were the leading specialist for debt collection and debt sales in the country within just three years of our founding in 2008. Today, we hold a market share of more than 50 per cent. We have our own call centre and an in-house legal department for court debt collection. We also work with external notaries and lawyers.

### How is the market for debt sales in Croatia developing?

The country's leading banks, in particular, are increasingly selling receivables. For the key players, the focus is currently on secured receivables. Initially there were numerous transactions with business customer loans, but now an increasing number of property and mortgage loans against private individuals are being sold.

### What are the advantages of debt sales on a forward-flow basis compared to fiduciary collection?

With fiduciary collection, clients can expect cash-flow month after month. But there are always customers who cannot be persuaded to make payments, or repeatedly fail to keep to their payment plans. For clients, it is more convenient to pass these cases onto us on a forward-flow basis. This saves them time because they do not need to attend to any customers outside of their regular invoicing process.

## EOS MATRIX IN CROATIA

- Founded in 2008, EOS Matrix in Croatia is the market leader today.
- The 220 employees serve around 60 clients in B2B and B2C business.
- The clients of EOS Matrix in Croatia are primarily from the following industries: banking, telecommunications, transport, construction, IT, utilities and food and beverages.

## PAYMENT SERVICES DIRECTIVE 2

# Turbo power for the digital bank

A revolution in the financial industry: An EU directive has permitted the exchange of banking data since January – if customers consent. The transparent bank account is clearing the way for entirely new offerings and business models.

## SHORTCUT

- PSD2 is one of the most important strategic changes in banking in recent years.
- To ensure more competition, Brussels is opening the banking market to other players, such as Fintechs.
- The idea is to have traditional financial service providers enter into strategic alliances with Fintechs and rapidly offer new services.

Most Europeans probably have not even heard of this new era. For them, 13 January 2018 was a Saturday like any other. But for every bank, payment provider and Fintech, the date marks the dawn of a new age because then the Payment Services Directive 2, or PSD2, went into effect.

### More competition, more security

Using this second Payment Services Directive, the European Commission wants to make payment transactions within Europe more secure, efficient and convenient for customers. At the same time, Brussels also wants to ensure more competition and innovation on a market which has been dominated by a few large providers for many decades. Now, even young companies in the financial services industry, or Fintechs,



## MORE INFORMATION

- The EU Commission answers key questions on the new Payment Services Directive. [bit.ly/EUPSD2FAQ](http://bit.ly/EUPSD2FAQ)
- How is Europe's banking landscape changing? A study by Roland Berger. [bit.ly/PSD2Berger](http://bit.ly/PSD2Berger)
- Benefit from PSD2 in just six steps. An analysis by McKinsey. [bit.ly/PSD2McKinsey](http://bit.ly/PSD2McKinsey)

have a real chance of carving out a spot for themselves alongside the big banks.

### One billion accounts affected

'PSD2 will further open up the market for money transfer services', says Sebastian Steger, Partner at Roland Berger. According to the consultancy firm's estimates, the directive will affect more than one billion bank accounts in Europe. It is considered one of the most important changes in banking of recent years.

What exactly will change for customers? Essentially, the directive will have an impact on everyone who uses online banking or shops online. If someone purchases an espresso machine online for example, he can generally choose from several payment options. On the one hand, PSD2 declares that no additional fees can be levied for specific payment methods, such as direct

## The milestones in the introduction of PSD2



**July 2013**

The EU Commission publishes the draft of the PSD2



**January 2016**

PSD2 comes into force

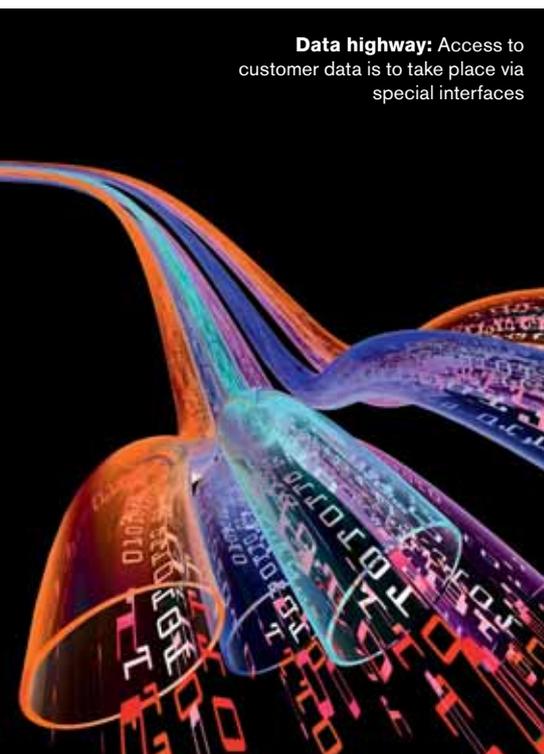


**August 2016**

1. Discussion paper on Regulatory Technical Standards (RTS) published



**New flexibility:** Now third-party providers are allowed to process payments



**Data highway:** Access to customer data is to take place via special interfaces

debit or credit card. It also reduces the liability limit: Banks must reimburse unauthorised debits more quickly and customers are liable only for up to EUR 50, not EUR 150 as previously.

For another thing – and a crucial one at that – third parties are allowed to process the payment transaction. If the customer decides to use a payment initiation service provider (PISP), the money is transferred from the provider to the seller of the espresso machine. PSD2 allows these third-party providers access to and use of the custom-

er's account and use it with the customer's consent. In plain language: With a few clicks and by selecting the corresponding checkbox, the customer agrees to lift banking secrecy.

**All accounts at a glance**

In addition to these payment initiators, account information service providers (AISPs) are also entitled to retrieve information if the customer agrees. This is of particular interest to target groups who manage several online accounts in parallel. ▶

**ON THE QUEST FOR THE GOLDEN INTERFACE**

Data is the new oil – this also applies within banking. But how can service providers obtain access to it? The EU Commission envisages open application programming interfaces (APIs) but does not say to which technical standards they have to meet. It depends on how much bank data is passed onto third parties and what their security arrangements are. Several standards are currently in use. As is often the case, the devil is in the (technical) details.

**January 2018**  
PSD2 implementation in national law

**October 2018**  
Earliest date

**≈ H1 2019**  
Latest date



Source: Deloitte, 'Payment Services Directive (PSD2)', 02/2017

**Thinking outside the box required:** Banks are working on new offerings at a rapid pace

## AT ITS HEART: THE KEY PSD2 TERMINOLOGY

- **Two-factor authentication:** Customers will need to identify themselves using two of the three following factors: knowledge (e.g. TAN), possession (e.g. smartphone) and inherence (e.g. fingerprint). This already applies to payments but will in future also affect logging in to online banking. iTAN lists will no longer be valid.
- **AISP:** Account information service providers. These collect data from various accounts and compile them, e.g. using an app.
- **PISP:** Payment initiation service providers. These process the payment, e.g. online retailers on behalf of their customers.
- **RTS:** Regulatory technical standards. These stipulate security precautions and take effect in autumn 2018.

PSD2 is thus like a quantum leap compared to the slow evolution we have seen so far in the European financial services industry. Brussels is thus operating by decree – against resistance from parts of the industry – to herald a new era in the digital race to catch up with banks in Asia and the USA. After inspection by the respective financial regulator, Fintechs, telecommunications service providers and data companies will become an official part of the payment transactions market. Thus, they can make use of the enormous store of data that until now banks have claimed for their exclusive use.

### Banks as digital gatekeepers

Where are we headed? 'European banks have also been moving in the direction of "banking as a platform" for some time', says Peter Kleinschmidt, Leader Digital Financial Services at management consulting firm PwC (see interview on the next page). In doing so, the bank acts as the starting point for the 'customer journey', such as that taken by customers through the worlds of online shopping. Staying close to the customer along this journey enables the



**Not without my permission:** Customers must expressly allow access to their banking data

bank to maintain the mutual relationship. That's the key for established providers. 'Those who do not recognise the disruptive potential of PSD2 and meet only the minimum regulatory standards, risk being considerably weakened by digital competitors', is the conclusion drawn in a study by Roland Berger.

The management consulting firm PwC sees two options for traditional financial services providers. First, adaptation and investment in service offers. Second, opening up and monetising data through open programming interfaces (application programming interfaces/APIs) in order to use large data volumes to create more specific customer profiles. They, in turn, can be used for individual products and services.

### Advantageous symbiosis with Fintechs

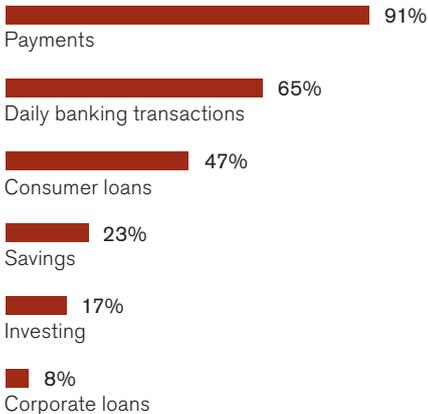
According to PwC, the new options are a good opportunity for establishing a loyal customer base, particularly for small- to medium-sized banks. They also allow development costs to be shared through collaboration with Fintechs, resulting in new products and services can being brought

to market more rapidly. Larger banks, however, need to establish a platform which links traditional and digital payment services providers. They, too, will depend on cooperation with third parties, according to the experts at PwC. In an ideal scenario, banks and Fintechs can set up a mutually beneficial symbiosis, thanks to PSD2.

But this cannot be achieved without the trust of customers. Brussels is also aware of this: To strengthen data protection, iTAN lists are likely to become invalid from autumn 2018 due to new regulatory technical standards (RTS) (see box at left). Screen-scraping – a technique for reading

**PSD2 IS CHANGING RETAIL BANKING**

Which bank products are affected by the new PSD2 payments directive?



The management consulting firm Deloitte surveyed 90 European banks (24 from Western Europe and 66 from Central and Eastern Europe) about the effects of PSD2.

Source: Deloitte, 2018

information from websites – is also prohibited by RTS. Access to bank accounts should be obtained instead via programming interfaces to ensure more security and transparency.

To customers, the beginning of this revolution in the financial industry may have gone unnoticed, but the effects are now apparent. On the other hand the race is already well underway for banks. Their job now is to fire up the turbo charger without having data protection suffer. ■



**Peter Kleinschmidt:**  
Leader Digital Financial Services at PwC

**INTERVIEW**

**‘PSD2 will make banking more secure’**

Industry expert Peter Kleinschmidt of PwC says banks are well prepared for the introduction of the new directive. Now they need to develop new offerings in order to survive.

**The new European Payments Services Directive PSD2 has been in effect since January. How much progress has been made by financial services providers in implementing it?**

Overall, the banks are very well prepared. The operational and technical fundamentals needed for passing on customer data with consent are currently being laid out. One issue is that neither the Payment Services Directive nor the accompanying technical regulatory standards prescribe that all banks’ account interfaces need to be based on a single standard. This may lead to competition among several standards on the market.

**What are the opportunities offered by the new standards?**

Banks can benefit from PSD2 if they integrate additional services into their portfolio and enhance their relevance to customers. For example, they could offer their security and authentication mechanisms to online retailers for registering new customers and enabling them to log in. For consumers, this would have the advantage of avoiding cumbersome login and reg-

istration procedures when ordering goods.

**What risks arise for established financial services providers?**

It is clear that PSD2 threatens to weaken the traditionally very close customer-bank relationship. Banks will in future find themselves more in competition with non- and near-banks, i.e. services providers closely related to banking. Those institutions that do not develop attractive offers could well lose customers or at least determine that their bond is weakening.

**The potential interference of hackers in the US presidential election or the scandal at Facebook raise the question: How great is the risk that the concept of ‘transparent banking’ will be misused?**

PSD2 pursues two key objectives: establishing equal competition conditions for payment services providers, and increasing the security and protection of consumers. That’s why two-factor authentication is now required. PSD2 thus also increases security. ■



**In the supermarket:**  
Thanks to payment service providers, consumers can settle their debts while shopping

## MODERN PAYMENT METHODS AT EOS

# Paying made easy

It should be as easy as possible for people overdue on payments to settle their outstanding amounts. EOS is helping by offering new payment options. With its own solutions on hand, the company is collaborating with providers of digital payment methods.

### SHORTCUT

- To make it as easy as possible for consumers to settle outstanding sums, EOS offers many methods of digital payment.
- EOS concentrates on full user orientation.
- Via service portals, QR code or at the supermarket, consumers have a large selection of ways to pay with or without cash.

Shopping from a smartphone or tablet has long been routine for many customers. 77 per cent of all Europeans use mobile devices to settle bills or pay smaller sums such as for parking tickets or purchases. So that late payers can also settle their debts conveniently, EOS offers them many places to do so around the clock.

Security, transparency and simplicity of use are important here. In many countries, consumers can make payments to EOS via online service portals.

### EOS at the supermarket

In Germany, for example, users can find several online payment methods on the EOS Serviceportal. 'We know from surveys that the digital channel is very important for our users', says Sören Sörries, Head of Portals at EOS Technology Solutions. 'They want to settle their debts themselves quickly, anonymously and easily'. EOS attaches great importance to consistently adapting to customer requirements. 'The Serviceportal is easy to use and self-explanatory. That gives us a major edge over

our competitors', says Mr Sörries. For example, once users enter their claim number in the portal, they are immediately directed to payment methods. If they have any questions, they can get a quick answer via chat.

The payment method used most often is instant transfer. It is similar to online transfer via a customer's own bank, but payment details are provided, so the customer does not have to fill out a digital transfer form every time.

Also very convenient: the Barzahlen.de payment option (paying in cash). Here, the user prints out a voucher. He takes the voucher to a nearby partner store, such as a supermarket. He has the code scanned at checkout and pays right away. 'The payment is relayed to us within 90 seconds and the user has fewer debts or is even debt-free', says Mr Sörries.

**No transposed digits thanks to QR-Code**

For a few years now, in the Czech Republic, EOS has been including QR codes for mobile payment in all its payment reminders. Mobile banking users can scan the code with their banking app. All the information from the payment reminder, such as IBAN, amount and reason for payment, is then automatically transmitted to the transfer form.

'That prevents typos and transposed figures. Thanks to this technology, consumers can pay their debts rather easily in a few seconds', explains Vendula Wiedermannová, Marketing Specialist at EOS KSI in the Czech Republic.

**Cooperation for more variety**

'We want to offer late payers as many payment options as possible', adds Adrian Floarea, Team Leader Treasury & Payments Processing at EOS KSI in Romania. For this, EOS relies on cooperation with service providers such as Paypoint, Payzone and Qiwi for cash and online payments. Paypoint works similarly to Barzahlen.de in Germany: Consumers can settle their debts at the check-out of their local supermarket.

Online payment by credit or debit card is also possible via the service portal. 'A major advantage is that we can confirm payment in real time', says Mr Floarea. 'Apart from that, we can also reach late payers living outside Romania'.

**TRENDS IN DIGITAL PAYMENT**

- **Internet of Payments:** Consumers increasingly expect their networked devices not only to perform tasks, but also to make payments for them.
- **Peer-to-Peer Payments:** In India, people can already send money to their friends via Whatsapp. In the USA, Apple offers this service via Apple Pay Cash.
- **Real Time Payments:** More and more payments can be made in real time, many European banks already participate in SEPA Credit Transfer Instant.



**Sören Sörries**  
Head of Portals  
at EOS Technology  
Solutions



Our user-friendly service portal puts us clearly ahead of the competition.



**Unique user experience:** Debts can be settled always and everywhere via the EOS Serviceportal

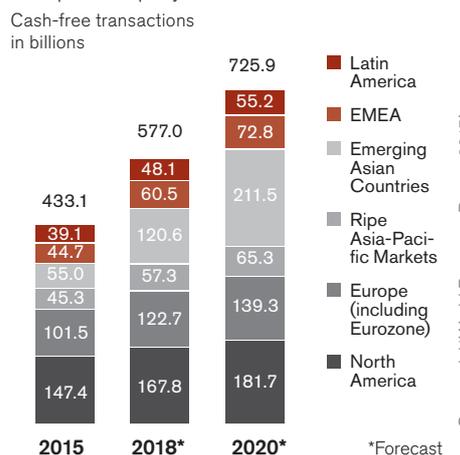
**Satisfying customer wishes**

To a great extent, the Danes have already become accustomed to digital payment methods when shopping. The debt collection industry has had to make adjustments, says Kenn Hillmann, Head of Operations at EOS Denmark. Therefore EOS uses the NemID solution popular in Denmark as a login to the service portal. NemID is the common method with which Danish customers log in to online banking or government websites. They gain access by entering a personal user number, a user ID, a password or a TAN.

'Sometimes our customers ask us about innovative payment methods. With our modern digital solution, we fulfill consumers' wishes, says Mr Hillmann. ■

**CASH-FREE IS BOOMING**

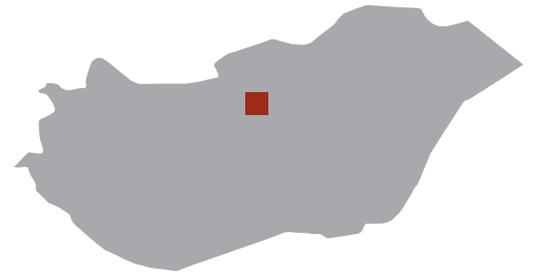
In the period from 2015 to 2020, the number of cash-free transactions is likely to increase by 10.9 per cent per year.



Source: Capgemini 'World Payments Report 2017'

**BUDAPEST**

# City with two faces



Art Nouveau architecture, coffee house culture, thermal springs – it’s not without good reason that Budapest is called the Paris of the east. Éva Mikolay from EOS in Hungary let us in on her favourite spots.

As the saying goes in Budapest: Reside in Buda but live in Pest. For in fact, the Hungarian capital consists of two distinct parts. The Magyars, Turks and Habsburgs ruled from there and have left their highly varied marks in Budapest. Today’s city emerged in 1873 when the formerly independent townships of Buda, Óbuda and Pest merged.

The former separation within the city limits can still be felt thanks in large part to the Danube. The river cuts through the city of two million people like an artery, di-



viding it in half. On the hilly west bank lies noble, elegant Buda. The renovated old quarter, narrow lanes and famous castle atop the Buda castle hill – declared a UNESCO World Cultural Heritage site in 1987 – recall the glittering Habsburg era.

**Students, artists, merchants**

On the eastern bank of the Danube lies Pest, which is rather flat. Life throbs in the vibrant city of students, artists and merchants. Shopping streets and cultural highlights follow on from each other. Éva Mikolay, Head of the Se-



**On the Castle Hill:**  
The Fisherman's Bastion with its iconic turrets and battlements

**EOS IN HUNGARY**

In 1999, the EOS Group took over Kasolvenzia, a leading service provider on the international financial market. From that entity, the Group established EOS KSI. EOS Faktor, which specialises in debt purchases, was founded in 2007. Both companies have their headquarters in Budapest. EOS in Hungary employs more than 260 people.



**Éva Mikolay**

Head of the Secured Collection Department  
EOS in Hungary

In her spare time, Éva Mikolay regularly visits unknown places around the world. When at home in Budapest, the 31 year-old likes going to the cinema. At EOS she particularly appreciates the great solidarity of all the teams she has worked in until now.

Seat of parliament:  
The 268-meter-long  
building is a Budapest  
landmark



cured Collection Department at EOS in Hungary, summarises the diversity of her native city thus: 'Budapest has something from every era, and that reflects our history. Here, everyone finds what he or she is looking for, from luxurious places and unconventional spots to diversified cultural offerings'.

#### **A river bank with history**

If you don't have time for an extended visit to Budapest but still want to enjoy the city's atmosphere, it is best to let the Danube be your guide. The city's most important sights and architectural jewels of Buda and Pest are on the river banks. The Pest side is home to the impressive parliament, the Academy of Sciences and many magnificent town houses. Above the Buda bank is where the former royal palace crowns Castle Hill.

The bridges unite what the Danube divides and make a major contribution to the city's charm. Nine bridges lie between the

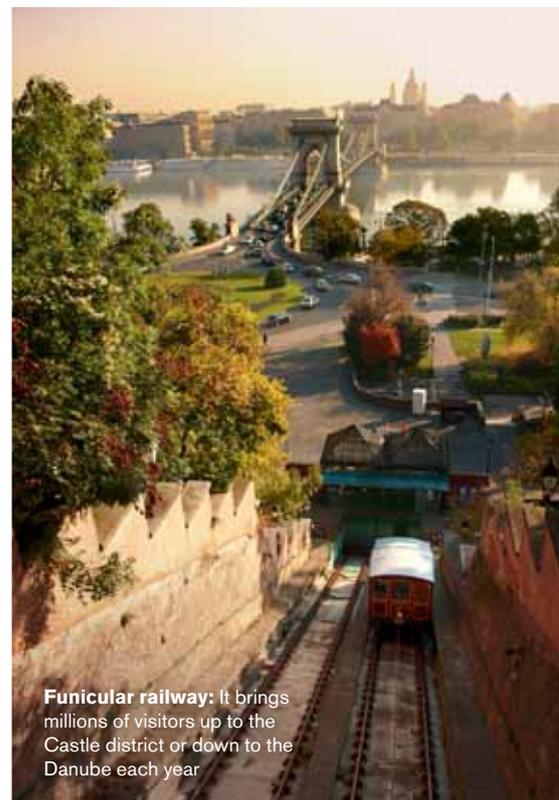
northern and southern ends of the city. Three islands split the Danube in two: Margaret Island, close to the centre; the island of Óbuda right behind, and Csepel in the south.

#### **A connecting symbol**

The 19th century Chain Bridge is an especially popular photographic subject. Almost 400 metres long, it is a symbol of Budapest and Hungary. Attractively illuminated at night, it is one of the country's most beautiful industrial monuments. Ms Mikolay says: 'I love spending balmy summer evenings with a good cocktail at one of the many pop-up bars and clubs on the Pest side of the river – always with a view of the illuminated bridge. You meet just as many Budapest residents there as visitors from all over the world'.

#### **The charm of bygone times**

Budapest draws people not just in summer. On rainy autumn days and in winter, ►



**Funicular railway:** It brings millions of visitors up to the Castle district or down to the Danube each year

**Historic suspension bridge:** The Chain Bridge, 375 metres long, joins Buda and Pest



**01 Brody House:**  
Fashionable boutique hotel centrally located – ideal for a short trip

**02 Large Market Hall:**  
Fresh Hungarian specialties appetizingly presented

**03 Szipmla Kert:**  
By far the best known ruin bar in Budapest

locals and tourists make themselves comfortable in atmospheric cafes. They, too, have a long history. A rich coffee house culture developed in Budapest under the Austrian empire that lasted until 1918. The traditional and often stylishly decorated cafes can take on their illustrious Viennese counterparts at any time and make every visit special. Visitors should not miss out on relaxing coffee and cake in the charming Café Centrál or magnificent Café Gerbeaud in Pest at the end of a day of sight-seeing.

### A city of bathing culture

Budapest's unique bathing culture is another special attraction. Ms Mikolay: 'Budapest residents of every generation love the many thermal baths. Younger people even have parties here or relax, for example in the breathtaking Jacuzzi on the roof of the Rudas Bath. In addition there are many spas in and around Budapest that are an attraction for older people in particular'. Budapest connoisseur Ms Mikolay gives the best tips for exciting and relaxing discoveries on page 19. ■



Info  
[bit.ly/EOSJournal-Budapest](http://bit.ly/EOSJournal-Budapest)

## TRAVELLING: GOOD TO KNOW

### ARRIVING BY AIR

At Budapest Ferihegy Airport (BUD) you have a choice of metro, train or taxi. Bus 200E takes passengers to the Kőbánya-Kispest metro station. From there they can continue on the M3 line, which stops at centrally-located stations such as Kálvin Tér and Deák Ferenc Tér. Trains take you from Terminal 2 to the city centre in about 30 minutes for about two euros. A more comfortable way is by taxi, which costs about EUR 20 depending on the destination.

### ARRIVING BY CAR AND TRAIN

The most important motorway is the M0 which forms a kind of ring around Budapest from which other motorways radiate. Tolls are charged for the use of motorways. Travellers can buy an e-vignette, the so-called e-Matrix, online, at border crossings and at petrol stations. Generally, the alcohol limit when driving in Hungary is 0.0. Fifty international trains serve the Hungarian capital each day. About ten express trains per day travel the important Budapest-Vienna route.

### DISCOUNT CARD

If you travel a lot by public transport and intend to visit various museums, you should buy the Budapest Card. With it, tourists can not only use buses and trains, but also have free admission to twelve museums and to the St. Lukács thermal bath. The card also offers discounts in many other facilities.

### BUDAPEST BY BICYCLE

It's worth discovering Budapest by bicycle, for the city has about 160 km of cycle paths. If you hire a Bubi bike at one of the more than 75 cycle points, you ride the first half hour for free.

# BUDAPEST FOR EXPLORERS



## HOTSPOTS



**Bathing in style:**  
The Széchenyi Bath lies in the City Wood recreational area

### SZÉCHENYI HEALTH SPA

Relaxation guaranteed: With three open-air and 15 indoor pools, the Széchenyi bath is one of Europe's largest medical spa complexes. Opened in 1913, it was built in a neo-baroque style reminiscent of Roman, Greek and Nordic bathing culture. [szechenyibath.hu](http://szechenyibath.hu).



### AN EASY START

The Fruccola is a great place for a good breakfast. 'Fast casual food' is a light and tasty alternative to heavy Hungarian cuisine. [fruccola.hu](http://fruccola.hu)



### FASHIONABLE ESTATES

The Gozsdu Udvar estate on the edge of the old Jewish quarter comprises seven buildings and six internal courtyards one behind the other, with bars, clubs and restaurants. [gozsduudvar.hu](http://gozsduudvar.hu)



### MUCSARNOK MUSEUM

The Budapest Hall of Art is on Heroes' Square. In the style of a Greek temple, the museum hosts changing exhibitions of contemporary art. [mucsarnok.hu](http://mucsarnok.hu)



### EXCELLENT CUISINE

Domestic wines coupled with new Hungarian bistro cuisine – not just Éva Mikolay is enraptured with Borkonyha. Since 2014, the place is allowed to display a Michelin star. [borkonyha.hu](http://borkonyha.hu)

### NEO-GOTHIC SHOPPING

The Large Market Hall or 'Nagy Vásárcsarnok' should be on the standard itinerary of every visit. Apart from a lot of souvenirs, it's worth buying typical Hungarian pickled vegetables in jars of a considerable size.

[budapestmarkethall.com](http://budapestmarkethall.com)

### PUBS IN RUINS

The 'ruin pubs' are fashionable clubs and cafes inside dilapidated industrial buildings. For instance, the legendary 'Szimpla kert', apart from offering beer and plum brandy, shows films from the 1960s and 1970s and hosts art exhibitions and a Sunday market. [szimpla.hu](http://szimpla.hu)

### METRO WITH STYLE

The M4 is one of Europe's most modern metro lines, with extravagant stations. The station 'Fővám Tér' is reminiscent of the sets of Russian silent movies. The kaleidoscopic station 'Szent Gellért Tér' brings the hippie era back to life. [bkv.hu](http://bkv.hu).

### MUSIC ON THE ISLAND

With hundreds of thousands of visitors and international stars, the music fringe festival 'Sziget' (Hungarian for island) is now one of the biggest cultural events in central Europe. [szigetfestival.com](http://szigetfestival.com)

### HIGH UP

Gellért Hill is an absolute must on account of the wonderful view from the top. On top of the hill, monuments such as the Citadel recall individual periods of Hungarian history. [Citadella sétány, 1118](http://Citadella setany, 1118)

### GOING OUT IN ELEGANT STYLE

The elegant Andrassy út boulevard attracts thousands of visitors with numerous sights such as the Opera House and Postal Museum. Since 2002 it has been a UNESCO World Cultural Heritage site.

**Arriving: M1 Station 'Andrassy'**

What really  
matters - a positive  
balance sheet?

Or good  
customer  
relationships?



**We believe that to be successful, you need both:**

positive figures and an understanding of difficult situations from the customer's point of view. This belief flows through to our work for your company. You can find out more about our services at [www.eos-solutions.com](http://www.eos-solutions.com)