CENTRALIZED REMITTANCES PLATFORM (CRP)

QSystems Global

QSYSTEMS GLOBAL. A QUICK INTRO

Who we are
- Technology, platform and solutions provider in the payments space
- Microsoft Gold Certified Partner (ISV)

Why we exist
- Evolution of payment relationships from exclusive to " many to many "
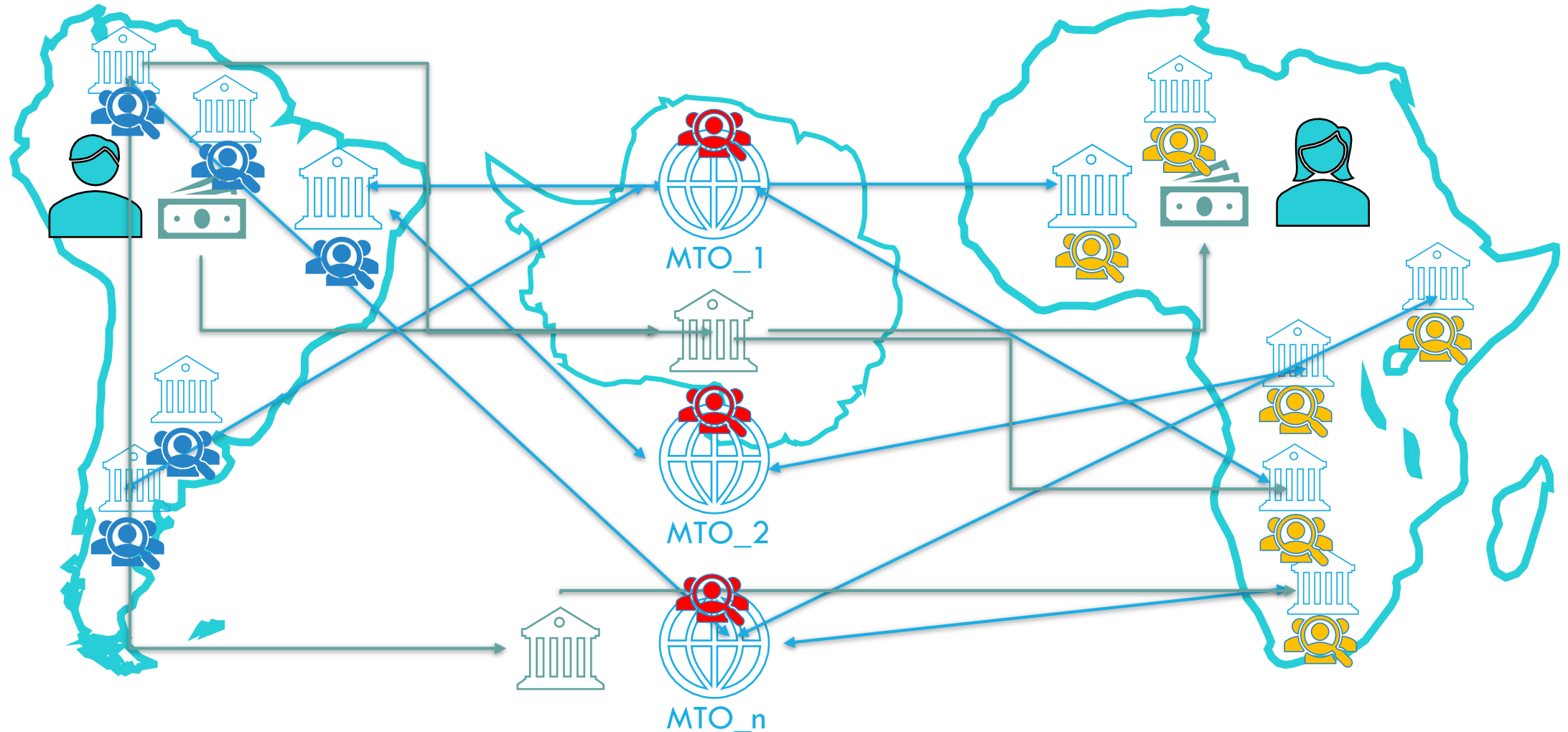
Our main customers & products
- Banks and Central Banks
- RSPs
- E-Governments & Post Offices

Our experience in remittances
- International and national Gateways (HUB)
- Numerous Integration projects with Financial Institutions and MTOs
  - WU, MG, RIA, Unistream, Contact, …
  - China UnionPay, AMEX, SWIFT WR, Russian Post

REMITTANCE RELATIONSHIPS NOW "MANY TO MANY"

MTO_1

MTO_2

MTO_n

MANY TO MANY MODEL CREATES NEW RISK AND COST

AML and financial risks are not properly controlled

- Significant differences between International and local 'black list ' databases
- Cash flow and settlement exposure invisible to regulators until reporting complete and consolidated
- No single consolidated view of consumer activity

Central banks delegate risk management to foreign companies (MTOs)

- Funds for the final settlement are credited abroad to foreign correspondent account
- Receiving countries are exposed to credit risk and FX volatility of 'soft' currencies.

Low efficiency and high costs

- Contractual and technological schemes organized as 'many-to-many' causing significant duplication of activity

WB General Principles are not fully implemented

- No single source of consumer pricing and FX rates
- No National standards for integration with local payment's infrastructure. RSPs provide own IT solutions resulting in duplicated reporting development and training

TYPICAL CLIENT REQUIREMENTS

- Real time systemic oversight of all transactions and related activity

- Real time activity reporting consolidated at the individual bank and client level

- Instant Sanction list / AML checks and approvals pre transaction release

- Instant consolidation of financial exposure at Bank and national level

- Easy entry for new services and increased competitiveness and convenience for consumers

- Improved transparency , increased efficiency and lower cost for all stakeholders

CRP WORKFLOW

CRP

CRP

MTO_1

MTO_2

MTO_n
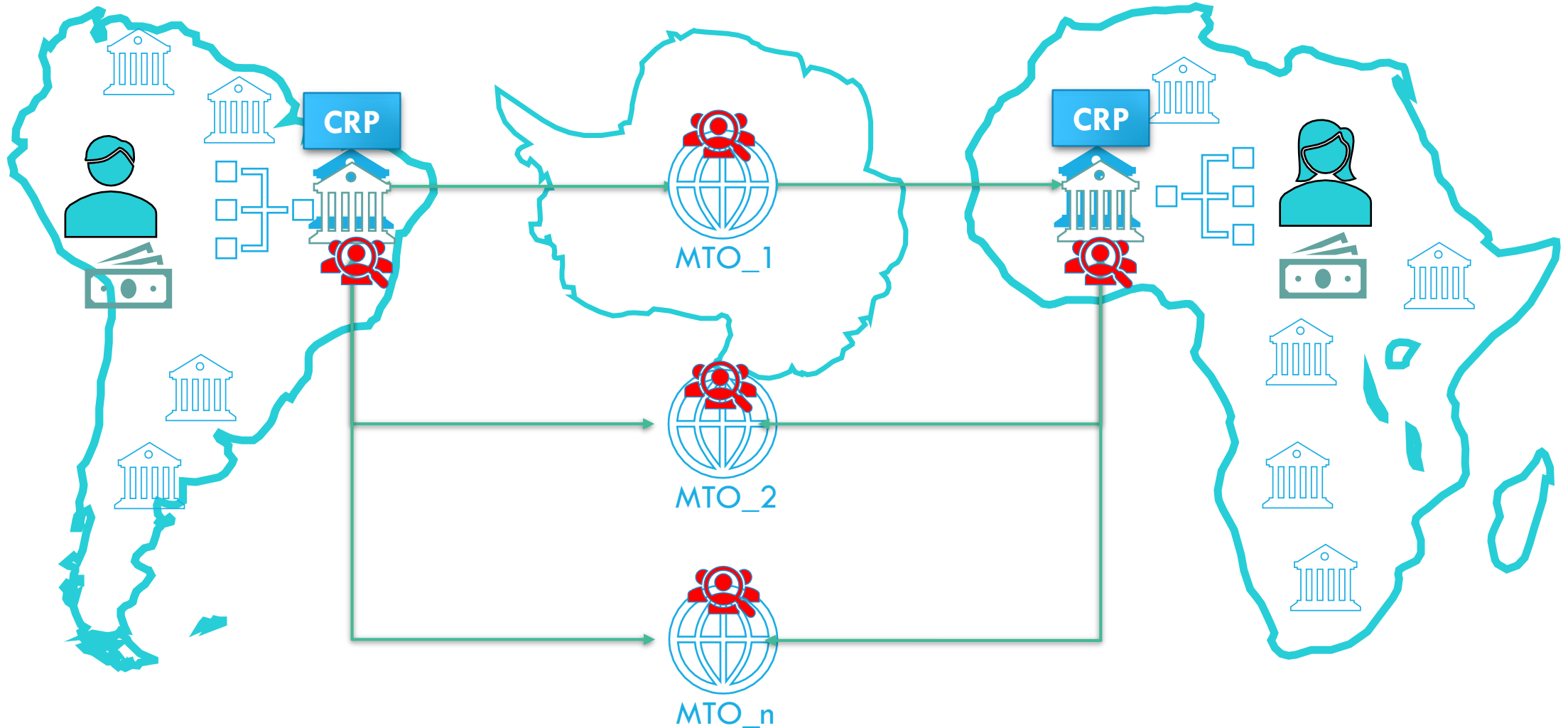
NATIONAL PROCESSING CENTRE FOR REMITTANCES

CRP SETTLEMENT MODEL CREATES NEW OPTIONS

- Robust financial risks control mechanisms

- Integration with RTGS System operated by the Central Bank

- All participants have correspondent (settlement) accounts with the Central Bank (incl. MTOs in Tajikistan)

- Freezing funds as a guarantee to cover net debit positions (Armenia)

- Prefunded settlement arrangement (Tajikistan)

- PvP (Payment vs Payment) settlement mechanism

- Credit and principal risks eliminated

- Liquidity risk mitigated (debit caps, transaction limits, online information tools, etc.)

CRP ORGANIZATIONAL MODEL
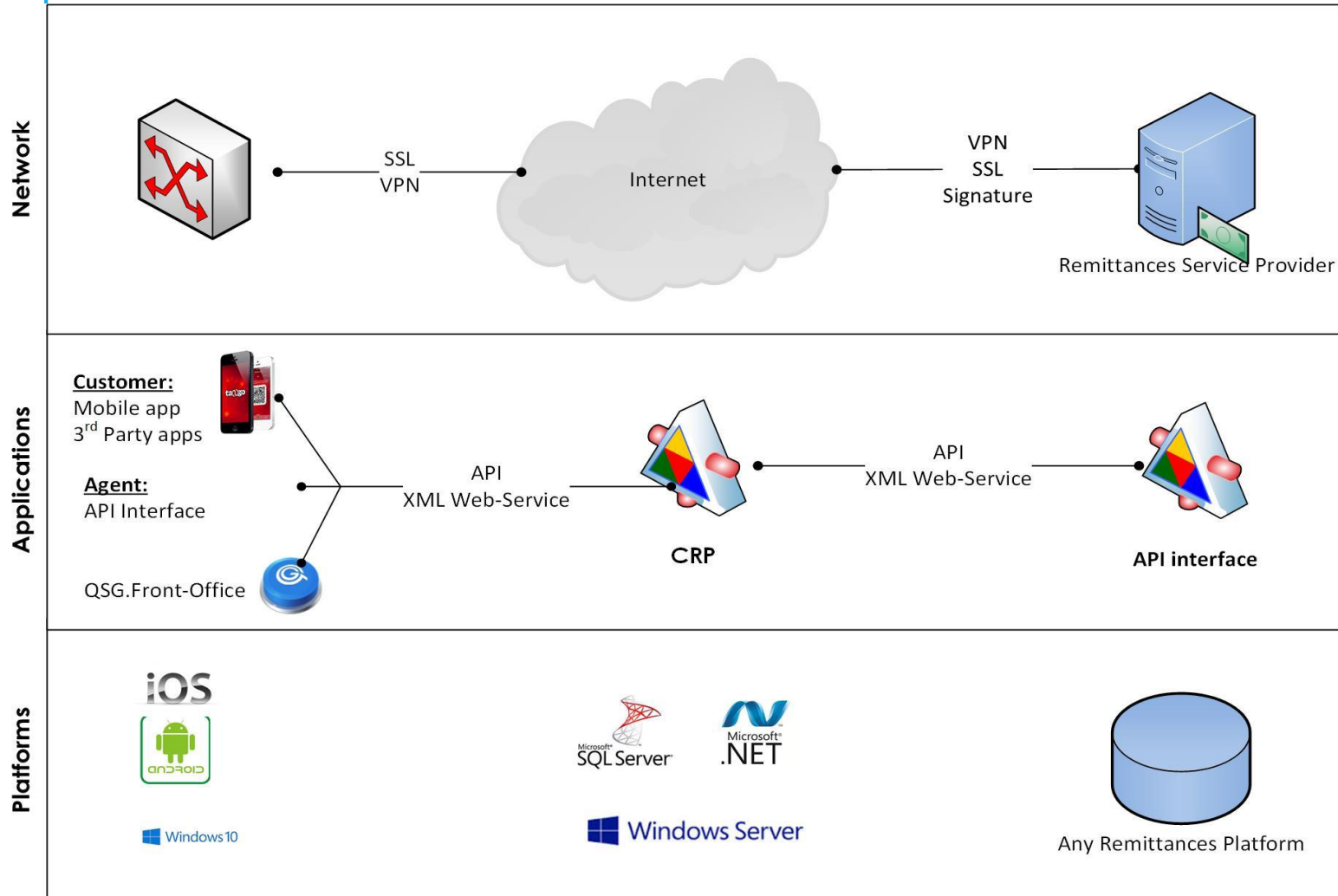
Leading Role of the Central Bank

Participants

- Central Bank
- CRP owner
- RSPs
- Financial Institutions
- Payment Providers

Legal Framework

- Standard contracts with the CRP owner
- Contracts for correspondent account with the Central Bank
- Contract for delivery and support with a solution provider (software vendor)

CRP TECHNOLOGICAL SCHEME

Network

SSL
VPN

Internet

VPN
SSL
Signature

Remittances Service Provider

Applications

Customer:
Mobile app
3rd Party apps

Agent:
API Interface

QSG.Front-Office

API
XML Web-Service

CRP

API
XML Web-Service

API interface

Platforms

iOS

Microsoft SQL Server

Microsoft .NET

Windows 10

Windows Server

Any Remittances Platform

Security
- Secured communications (VPN/SSL/IPSEC)
- Sensitive data encryption
- Delimited access rights
- Ticket authorization

Performance
- Data cache
- Message compression
- SQL indexing
- Operation execution timeout

Disaster-recovery
- Geo-distributed clusters
- Database mirroring
- Backups on the fly

Scalability
- Load-balancing
- Virtualization
- Decoupled components (DB, application servers)

CRP: ADVANCED TECHNOLOGICAL FEATURES

Transliteration into\from the local language:

- Transaction's details, like names, transliterated from one script (English, Latin, Cyrillic, ..) in different local script (Tajik, Arabic, Chinese, …);
- Synchronization of the locations' names: countries, towns, villages, …

Multi languages user interface

Automatic currency exchange confirm national (Central Bank) rules

Transfers remittances to\from accounts\cards\e-wallets

AML & CFT: CRP PROVIDES UNIQUE TOOLS

All transactions are verified against all national and International AML & CFT procedures, in online mode

There is no way to transfer or to withdraw money before AML & CFT verification completes

Local RSP's Agents are protected from sanctions and are motivated to improve customer service

CRP & WB GENERAL PRINCIPLES

GP 1 Transparency and consumer protection

- CRP provides relevant IT facilities that allow operator (Central Bank) to collect and aggregate data in order to provide full transparency to customers on (total) prices and remittance services features of all RSPs (remittance services providers)

GP 2 Payment system infrastructure

- Increases efficiency and reduce costs to participants (due to a single integration point);
- Provides interoperability with other networks (cards, MNOs, etc.);
- Allows to increase financial inclusion (Transfer-To-Card\Account)

GP 3 Legal and regulatory environment

- Central bank as an operator of the CRP on the one hand, and regulator on the other, issues relevant rules and regulations in order to ensure a sound and non – discriminatory regulatory framework both for the RSPs and their customers

GP 4 Market structure and competition

- CRP ensures all relevant data available to Central Bank and other relevant authorities in order to depict and manage monopolistic practices (e.g. market share of each MTO and RSP, data on remittance corridors, etc.)

GP 5 Governance and risk management

- CRP provides robust AML and financial risks management tools (please see relevant slides above)

CASES

Central Bank of the Republic of Armenia

- ARUS\STAK money transfers company & processing center
- 12 MTOs, 17 Banks
- Operational since October 2017

The Central Bank of Tajikistan

- CRP owned by CBT
- 10 MTOs, 17 Banks
- Operational from December 2019 (implementation completed)

THANK YOU!

Q&A

QSystems Global

4-5 Bonhill Street, London, England, EC2A 4BX

office@qsystems.md