



Real-time Payments with Krajowa Izba Rozliczeniowa S.A. - Express ELIXIR Service

**Innovative solution
implemented by
Capgemini for Krajowa
Izba Rozliczeniowa S.A.
(Polish National
Clearing House)
enables banks and
their customers to
transfer funds between
banking accounts held
at different financial
institutions, within
seconds**

Krajowa Izba Rozliczeniowa S.A. (KIR) is a key infrastructure institution of the Polish banking sector, providing clearing and settlement services. KIR's services are mainly directed at financial institutions, public administration, and the e-commerce sector. The company's strategic goal is to provide secure and efficient payment processing through its main clearing systems: ELIXIR® for domestic PLN payments, EuroELIXIR for domestic and cross-border EUR payments, and real-time payment system, Express ELIXIR. Volume and value of the debit and credit transfer messages processed in three ELIXIR sessions per working day place KIR among the largest clearing houses in Europe.

The Situation

The modern-day customer demands universal internet access, rapid information circulation, and instant availability of services. These expectations are also natural among bank customers, who expect money transfers to be processed on the spot. Hence, the development of a payment system, which reduced the time of clearing and settlement procedure to an absolute minimum, was an obvious choice for KIR. Ideally, such a system would allow payments to be processed at any time of the day and funds to be booked on the recipient's account within seconds.

With the objective to provide banks and their customers with real-time money transfer service, available in 24/7 mode, KIR decided to implement an innovative payment solution.

The Solution

As part of the real-time payment solution implementation plan, KIR prepared a detailed requirements specification for the new system. The main functionalities of the system included:

- Real-time message exchange between system participants
- Real-time payment service maintenance, resulting in fund transfer between sender and recipient bank customers within seconds
- Settlement based on the fiduciary account held for KIR by Narodowy Bank Polski (National Bank of Poland) in the SORBNET2 system.

The system would be flexible enough to meet the bank's requirements, in terms of applied message formats, accept messages in standards utilized by banks, and fully leverage the IT infrastructure already existing in the banks and KIR.

As a result of a tender procedure initiated by KIR, Capgemini was selected to develop and implement the new payment system. Leveraging international and local expertise in the area of payments, Capgemini managed to overcome several innovational challenges with its own pool of resources. Despite tight deadlines, high-efficiency requirements and safety compliance demands, Capgemini delivered the solution within the agreed schedule. The real-time payment system was launched in June 2012, as the second such solution in Europe after the UK Faster Payment system implemented by VocaLink in 2008.

The Results

In June 2012, after Capgemini spent eighteen months working on the project, Express ELIXIR was successfully implemented. KIR launched a working version of the system, connecting the first three banking institutions. Capgemini consultants and engineers supported KIR during the initial phase of system establishment and concept development, taking part in workshops with the banks, as well as in connecting the first three banks to the system.

Thanks to the multi-layer service delivered by Capgemini, Express ELIXIR was launched as an end-to-end payment system. The new solution fits well within the current KIR clearing systems portfolio. Besides meeting the bank customers' expectations, the system also provides new business options for the banks themselves. It can be the basis for the development of new products (like short term deposits, quick bank loans), resulting in increasing loyalty of current customers of the bank and attracting new customers; this may provide a considerable source of revenue in a very competitive market.

The launch of the Express ELIXIR system is a part of the company's long-term strategies that include development of innovative solutions in the area of electronic data exchange to effectively support the Polish e-commerce industry.

"According to 2011 market research results, 53% of current internet banking users declared interest in a service enabling immediate money transfer. Launching Express ELIXIR is our response to market expectations in terms of settlement time reduction combined with high-level quality of services and data security," explains Tomasz Jończyk, Director of Interbank Clearing Department at KIR.

"Express ELIXIR has been operating reliably since June 2012. Our solution is currently available to customers of eight banks in Poland, and we're planning implementations in 15 more banks, which have already signed agreements with KIR. The steady rise of monthly transaction statistics proves the increasing popularity of real-time bank transfers. In the second six months of the system availability, there was over six fold increase in transfer volume and nine-fold growth in transaction value observed," said Grzegorz Leńkowski, Director of Real-Time Payment Department at KIR.

In 2013, real-time payment system Express ELIXIR was recognized for "The Best Innovation for Banking" in 2012 at the World Banking Leader (Liderzy Świata Bankowości) contest.

About Krajowa Izba Rozliczeniowa S.A.

Krajowa Izba Rozliczeniowa S.A. is a key element of the Polish banking sector. The company strategic priority is to provide secure and efficient payments processing through its main clearing systems: ELIXIR® for domestic PLN payments, EuroELIXIR for domestic and cross-border EUR payments and Express ELIXIR for immediate payments in PLN. KIR S.A. processes over 1.5 billion non-cash payment transactions annually. In order to facilitate communication between participants of payment systems and entities cooperating with the banks, an electronic information exchange service OGNIVO was implemented.

KIR S.A. offers solutions for non-cash payments, such as direct online payment system - PayByNet or electronic presentation and payment of bills via banking channels - invoobill. Document management services offered by KIR S.A include digitalization, archiving and distribution (invooclip). KIR S.A. was the first company to launch electronic signature - SZAFIR. Acting as a SWIFT Service Bureau, KIR S.A. provides access to the SWIFTNet infrastructure.

KIR S.A. was awarded with the title of The Best Innovation for Banking in 2012, and in 2013, as the first institution in Poland, received from the British Standards Institution the ISO 22301:2012 certificate of compliance. It certifies the capability of KIR S.A. to operate in the most challenging and unexpected circumstances.

More information is available at:

www.kir.com.pl

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With more than 130,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.1 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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in collaboration with  **Krajowa Izba Rozliczeniowa S.A.**

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