

Redaktionsgespräch mit Fabrizio Canedoli, Director Marketing and Sales, SSB Group

„We are looking to price leadership and tailor-made solutions.“

Sepa wird die Kartenwelt verändern: Die Redaktion sprach mit Fabrizio Canedoli zu den Zielen des expansiven, italienischen Prozessors in Deutschland und Europa.



Mr. Canedoli, what is SSB and what are your specialties?

We are a company completely owned by Italian banks. We have some 110 shareholders, but the ten major banks or banking groups in Italy own around 85 percent of our shares. The rest is in the hands of 90 to 95 other banks. To our business: In the payments area we offer a complete range of services. The two major lines of our business are clearing and settlement as an automatic clearing house and card processing. Additionally we can manage all the specialties of electronic payments from a multi-channel approach to payments by Internet, ATM, POS and so on, to all the services that are related to security.



What is SSB's unique selling point?

We are looking to price leadership and tailor-made solutions in all the things we do.



How is the company structured?

We are a group composed of five different companies. SSB is the major one, then there is a sister company called SiNSYS,

which is a joint venture for card processing activities that we incorporated in 2003. SSB owns 51 percent of the company and the rest is in the hands of Interpay (Netherlands) and Banksys (Belgium). SiNSYS offers acquiring, issuing and processing services. We have another company for chip card technology and multi-channel called TSP. Then SSB holds a 22.3 percent stake in Actalis, a company specialized in services and consulting for information security management systems. The last company is Invoicing. SSB holds a 45 percent stake in this enterprise. It offers services related to the electronic presentment and payment of bills and invoices. Some figures: SSB is the European leader by number of credit and debit cards. We managed more than 37 million payment cards in 2005 and in the same period processed a total of 6.5 billion transactions.



Who is your main competitor?

Looking at the automatic clearing houses you will see that all the major companies in Europe are our competitors. Then there are the other Italian enterprises we compete with. They are involved in the fairly important EBA Step2 process. In the local markets there are local companies servicing local banks.

Sepa will reduce the overall number of companies. Our goal is to remain one of the most important servicers.



And what about the processing market?

Concerning the card processing market, our major competitors are American companies like First Data and Total System.



Are you looking for acquisitions to grow like First Data?

Of course acquisition is a part of our strategy. In order to provide local services we are striving to be present in the principal important countries, so we are looking for some acquisitions too. But in general we are walking a quite different path.

First Data is buying companies in a lot of countries. The result is that they are not consolidated. From an IT point of view, SSB is working to consolidate the company and to continue to operate with a single data center to optimize our performance. We want the data center to be fully controlled from Milan.

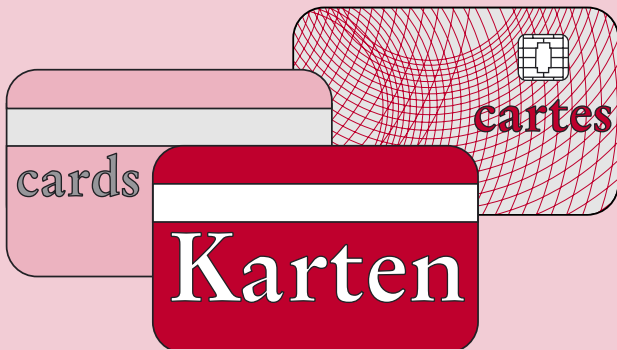


How did SSB prepare for Sepa?

Sepa represents a major opportunity for us. With Sepa there will be no more differences between the services coming from an Italian or a German company, so probably there will be true competition, won mainly on prices. In 2001 we invested in two platforms, one for issuing and one for acquiring. In Italy we are already in charge of a lot of cards and now we are ready to take on a far higher volume of transactions thanks to the investments already made.



What is your strategy for Europe?



Our principle is first of all to serve and follow our shareholders and customers. Our shareholders are Italian but our customers are both Italian and foreign. We are talking about major banks that are also present in foreign countries. Secondly, we serve the shareholders of Banksys and Interpay, our partners in SiNSYS. These are important international groups like Fortis, KBC and ING. Our third strategy is to follow the shareholders into new countries, particularly in Eastern Europe. We are working in cooperation and alliances with others. And of course we are trying to acquire new customers, working directly in different markets.



In how many European countries is SSB present?

We are already present in twelve different countries. In the card processing business our presence is more concentrated – here we work in eight different countries plus Italy. These are Poland, Hungary, Romania, Turkey, Czech Republic, Slovenia, Belgium and the Netherlands. We are trying to be directly present in three or four different countries where we are implementing a strategy for the local market. We are involved in a deal for the possible acquisition of an important company in Eastern Europe.



How many important card processors will we have in Europe in the next four or five years?

I see not more than ten and SSB is definitely one of them. There is an evolution taking place in several countries with the important companies like GZS and First Data in Germany. You always have two options: the first one is to wait and see, trying to understand and wait for the pos-

sibility to be acquired by another company. The second one is to try to have an active role, trying to be a big player in the European market. We opted for the second option, in particular pushing on the international market. We are trying – because Italy is more or less conquered – to reinforce our international operations.



How do you see the German processing market?

When all is said and done Germany is such a huge country and national economy that everyone who wants to play an important role in Europe has to be there. We have carried out a sort of analysis of the most important players who are already present on the market. The results are: Germany is a good market for us because we could still benefit from a better and lower cost of labor, which is one of the points to consider. In particular we consider the fact that in Germany we could replicate some interesting experiences that we have had in Italy. I'm talking about, for example, the post offices, Postbank in Germany. In Italy we are serving them both for prepaid cards and Maestro cards.



What are your plans concerning this German market?

As I explained, first of all we follow our shareholders and customers. We are trying to address the markets of Germany, Austria and France considering the presence of our customers. We are linking the technology in order to be represented in Germany. There are some competitive advantages that are our opportunity: our partnership and in the near future Sepa.

For credit and international debit cards we will try to acquire new customers. In this

market Germany is interesting, even if we know that it is mainly a debit card market.



What is your target group in Germany?

The major banking groups and, in partnership with local partners, the smaller banks. But in the mid-term we are not challenging for the Sparkassen or cooperative banks. And you have to bear in mind that 20 percent of our revenues comes from companies other than banks. Therefore we believe that the big retailers could also be an interesting opportunity for us.



Germany has a very competitive market. What makes you so sure that you will earn money here in Germany?

I am not so sure. But there are some interesting conditions for which we should be competitive. We think that we could have interesting opportunities in Germany. We know very well that the German market is one of the most competitive markets in Europe but working on the level of price, you do the economies of scale. Working on the presence of our shareholders, working on the possibility of having interesting cooperative agreements with local companies, we think to have an interesting position in Germany. Not dominant by definition for sure.

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