

EOS explore

The magazine for clients of the EOS Group

01
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Watch out Digital data theft



Financial situation

How high is the world's debt?

CR

How EOS practices corporate responsibility

Interview

CEO Marwin Ramcke about new standards and visions

EOS

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**Every day, we change
finances for the better –
for our clients, partners
and defaulting payers.**

→ The EOS Group is a **leading technology-driven receivables management expert** with **45 years** of experience and locations in **24 countries**. We take care of receivables while our clients focus on their core business in the fields of banking, utilities, telecommunication, real estate and e-commerce.

We are a strong part of the Otto Group, a leading global retail concern. In our core business we invest internationally in **secured and unsecured receivables, non-performing loan portfolios** and real estate.

As a pioneer of digitalization in our sector, we offer **data-driven AI-supported receivables management** and smart services that benefit our clients, partners and defaulting payers.



More than
60 subsidiaries



Local presence in
24 countries



Workforce of more than
6,000 people



About
20,000 clients

EDITORIAL

Dear Readers,

WHEN WE LOOK BACK over the first months of this year, we see little reason to celebrate. The pandemic is still raging, inflation is rising and the situation in Ukraine is keeping the world in suspense. Personally, during these times, I draw strength from my daily routine and find joy in the positive things in life – no matter how big or small. For us at EOS, one such example is the launch of our new brand. Our new look makes us proud and fills us with energy. We launched it in all 24 countries in March – an awesome project.

But this editorial is not intended to focus on the new EOS brand or our vision as a corporate group. Nor is it about my new role as CEO. You can read about those subjects on pages 44 to 47. I prefer to call your attention to a very tangible sign of the transformation of our Group, that is, the magazine you're holding in your hands.

The observant reader will no doubt have noticed that this magazine too has been rebranded. It has a more understated design and many exciting new formats, divided into four different sections that represent what we stand for: invest, tech, value and impulse. I'm sure there's something of interest for every reader.

When I look at the result, I see further proof that we have taken the right path. In this magazine, you can accompany us on every step of the journey: to be informed, to be inspired and at times to be surprised. All that's left for me to say is enjoy reading – or rather discovering – this special issue.

Best regards,

Marwin Ramcke
CEO of the EOS Group



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online too. Visit our
website!

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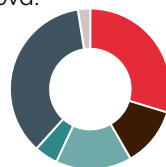
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Illustration: shutterstock

EOS explore

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**BIG PICTURE****The wisdom of the crowd**

HUMANKIND HAS always looked to nature for inspiration when innovations and new ideas were on the drawing board. No surprise there. Nature has had millions of years to fine-tune functions and adapt to the environment. When biological principles are applied to engineering, we get bionics and contemporary technological achievements such as car tires and airplane wings.

Another example from nature is swarm intelligence. The idea is that a “swarm” or group, by virtue of its sheer size, is more intelligent than the individual. In the animal kingdom, this mechanism has always helped birds and fish in their daily fight for survival. The bigger the collective, the greater the chances of survival, because a swarm is very difficult to deceive.

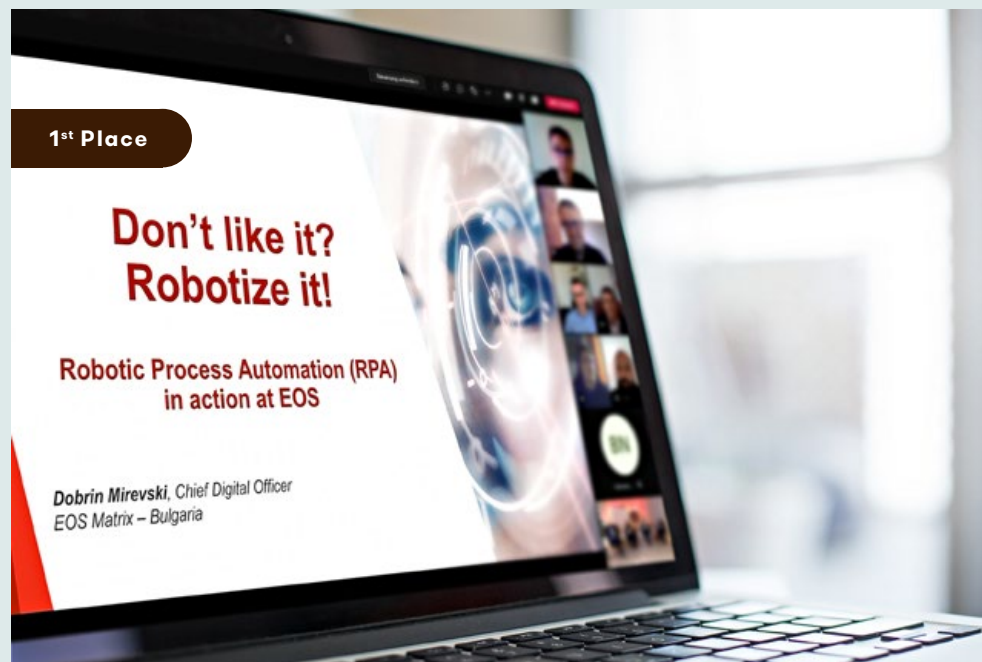
Scientists recently recognized this natural phenomenon and translated it to the modern age of data. Instead of swallows or mackerel, the swarm here is made up of datasets. One dataset on its own contains little information, but a “data swarm,” consisting of millions and billions of datasets, can give a company a crucial competitive edge and even reform an entire industry.

Turn to page 40 to find out how EOS uses data in debt collection.

INNOVATION COMPETITION

So, I have an idea ...

• → **MORE THAN 6,000 PEOPLE** work for the EOS Group. That's more than 6,000 potential sources of the next big idea. After all, who knows better than our own employees where the real problems lie in our work processes? Our Wall of Fame competition gives creative minds at EOS a platform to submit their most innovative ideas and present them to a jury composed of Group colleagues.



8 The objective of the competition was to drive innovation within our own workforce and to promote international cooperation between national subsidiaries. It was a success. More than 250 employees from 23 offices submitted their ideas. Joining forces in projects, they devised solutions that could help EOS to structure its processes even more efficiently in the future.

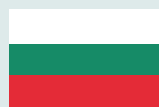
The eight teams in the final were given the opportunity to present their projects during a live stream to a jury consisting of EOS experts. The winning team came from Bulgaria, while three other teams – from Belgium, Poland and Romania – all shared second place.

The Wall of Fame competition was held for the first time in 2021. The plan is to repeat it this year with a new feature. The competition will be divided into two stages in order to give teams more time to plan and implement their ideas. •

BULGARIA

Robots reduce human workload

EVERY COMPANY HAS unpleasant routine tasks that need to be done. Although simple, they may be time-consuming. One solution that can save companies a lot of time – and therefore costs – is robotic process automation, or RPA for short. This technology automates recurring to-dos and reduces the workload of employees. Or as the team from Bulgaria says: “Takes the robot out of the human.” Our colleagues at EOS in Bulgaria have become the Group experts in RPA as they are already using 20 robots to streamline processes in all departments. They want to use their expertise to help other national subsidiaries in the EOS Group to automate their day-to-day business activities.



BELGIUM

Smart payment plans

PAYMENT PLANS are a viable way out of debt for many defaulting payers. A basic rule says: The better a plan is adapted to a specific situation, the more likely it is to succeed. The EOS Aremas team in Belgium wants to use data to further customize and automate the existing process. The first step involves creating 23 possible payment plans for each outstanding receivable. Then a data-driven algorithm evaluates the potential of the plan's success.

2nd Place

POLAND

Ongoing process optimization

USING THE BUSINESS PROCESS MODELING NOTATION (BPMN) method, the team from Poland further refined decision-making in the debt collection process. According to the Polish model, many different factors determine how to proceed with a particular case. Variables include the receivable amount, the number of failed contact attempts or the number of days elapsed since defaulting payers were notified. The process can be optimized continuously and adapted more quickly to changed circumstances.



ROMANIA

The virtual team leader

SOFIA IS A software robot that supports team leaders by performing recurring tasks such as managing information and preparing reports. The time saved can be used instead for more important, creative tasks, like analyzing reports or managing staff. Initial results are impressive. In one year, Sofia saved more than 2,200 working hours.



NEW EOS BOARD MEMBER

Carsten Tidow

CARSTEN TIDOW is the new Managing Director for the Eastern European region at EOS. He succeeds Marwin Ramcke, who has been appointed CEO of the EOS Group. “As a new member of the EOS Board, I would like to continue the outstanding work done by Marwin,” says Carsten.

“Eastern Europe remains an exciting growth market for us.”

Previously Head of Division Management Eastern Europe, Carsten was closely involved in the expansion of activities in 15 countries. As a technology-driven investor, EOS recently invested almost EUR 200 million in Non-Performing Loans (NPL) in Eastern Europe.

RECORD INCREASE

28%

The increase in global debt in 2020, the first year of the pandemic, according to the IMF. For more interesting facts on the world of debt, see pages 20 and 21.

PEOPLE @ EOS

I am Anthony Messados

Work

Since October 2021, I have run the subsidiary in Greece as Managing Director.

Interests

I love to do sports in the gym, boxing, or practicing Tang Soo Do, a Korean martial art. But occasionally I also appreciate a good cigar.

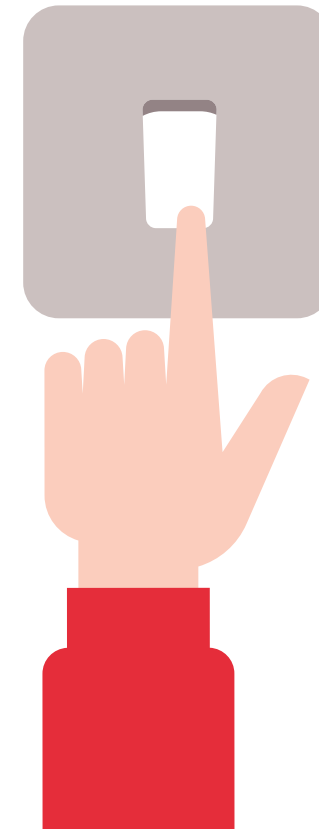
→ SADLY, I HAD TO LEARN early on not to take anything for granted in life. During a school trip, shortly before the final exams, our tour bus plunged off a bridge. Some of my fellow students died and many were injured. For me that day was a wake-up call and perhaps the most important lesson that is still with me: We should bring out the best in ourselves every day! Things that often seem oh so important to us often aren't. The memory of this tragic event helps me to set the right priorities.

The answer to what drives me in my work comes easily: PEOPLE. It's always about people, right? We decide how much time—sometimes even most of our waking hours—we want to spend in a specific place with a specific group of people. So it's absolutely crucial for us to be inspired and to inspire others as we are trying to achieve new, greater, and better things. •

EARTH HOUR

EOS turns off the lights for climate protection

IT'S A SIMPLE IDEA. Once a year, as many people, companies and cities as possible around the world switch off the lights for an hour to show support of environmental and climate protection. EOS also took part in Earth Hour on 26 March this year when, at exactly 8:30 p.m., the EOS logo at the Hamburg headquarters was automatically extinguished for 60 minutes. The theme of this year's event was "Shape our Future". Earth Hour, which takes place each year on the last Saturday in March, was originally launched by WWF in Sydney in 2007 and is now in its 16th year.



SUSTAINABILITY CHALLENGE

Sharing ideas – planting trees

ACTIONS SPEAK LOUDER THAN WORDS. This spring, to intensify our efforts in environmental and climate protection, we launched our first official sustainability challenge. CEO Marwin Ramcke is the patron of this new venture. Starting on 25 April, International Arbor Day, all employees are invited to share their own sustainability actions in short cell phone videos and texts. After all, nothing is more inspiring than the clever ideas of our colleagues. The recycling statistics for EOS France show that we're off to a good start. In 2021, our colleagues there collected 8,621 kg paper and 333 kg plastic for recycling. We look forward to seeing all the ideas and contributions. The best thing is that all the efforts made by our employees will be doubly worthwhile. As a thank you, EOS will plant a tree for each submission.

Photo: Ulrika Walmark Illustrations: shutterstock

finlit

FINANCIAL LITERACY

finlit at Global Money Week

THE FINLIT FOUNDATION is committed to teaching children, in particular, how to handle money better. With this in mind, the nonprofit company of the EOS Group took part in Global Money Week at the end of March. The message from the annual OECD campaign, appropriately enough, was "Build your future, be smart about your money." finlit's focus was on clarifying the gender pay gap in a way children could understand. The entire project was supported by social media campaigns organized in conjunction with the initiative "finanz-heldinnen".



Only the first step

In addition to debt collection, EOS operates as an international NPL investor. We invest in receivables portfolios throughout the world. Here are two major deals of recent months.



SPAIN

Volume: approx. 60 million euros

Type of receivables: secured

Seller: a leading Spanish bank

A LEADING SPANISH BANK and EOS in Spain traded numerous NPL portfolios. Most recently, the business relationship moved to a new level when the very first portfolio with secured receivables changed owners. "This is only the beginning! The secured NPL segment will be key for us in the future," says Carlos Lorenzo, Managing Director of EOS in Spain. "Now we have a strong strategic partner for further deals."

FRANCE

Volume: 66 million euros

Type of receivables: secured & unsecured

Seller: Groupe BPCE

SHORTLY BEFORE THE END of the year, EOS in France closed one of the biggest deals of the business year. Seller is the BPCE group, which resulted from the merger of two major French banks, Banque Populaire and Caisse d'Epargne, in 2009. The group is composed of many regional banks spread across France. For the first time, three of them bundled together their mostly secured receivables into a joint portfolio. It won't be the last time as the next deals of this kind are already in the pipeline.

invest

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OF ZOMBIES, CONFLICT
AND A SILVER LINING

The inflation specter is haunting us, causing uncertainty. What can companies do?

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WHY DEBT COLLECTION IS
SO IMPORTANT

Our industry must get better at communicating its benefits. A commentary.

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THE WORLD
OF DEBT

Charts and figures to better understand the global debt situation.

INFLATION

Of zombies, conflict and a silver lining

Interview...Mark C. Gray
February 2022

After two years of COVID dominating the headlines, new challenges are pushing the pandemic aside. The energy transition has been placed on hold as conflict rages on the European continent and energy prices skyrocket. Inflation concerns make us wonder about the near and long-term future. Just what is happening, how severe are the developments and how long will their impact last? We spoke to Barret Kupelian, Senior Economist at PwC in London, about inflation and his predictions for the future.

What's the current situation of the economy around the world and in the EU and UK in particular?

BARRET KUPELIAN: Take the three major economic blocs—the U.S., the eurozone and the UK in the middle—all are facing high inflation for the first time in quite a while. Let me explain.

One hypothesis for the rising inflation is that there is too much demand. The fact is, it's not as simple as that. Most major economies have not outgrown their pre-crisis output. The U.S. has grown a little, the UK is on the edge, and the euro-

zone has not quite caught up. The issue is more nuanced and has to do with the composition of demand in advanced economies.

Looking at demand for goods and services in advanced economies, you see an unusual development. There is an overwhelming demand for goods, whereas the demand for services is still below the pre-pandemic level. People still aren't traveling as much as they did in the past, they still aren't going to the theaters, restaurants, etc. in the same intensity.

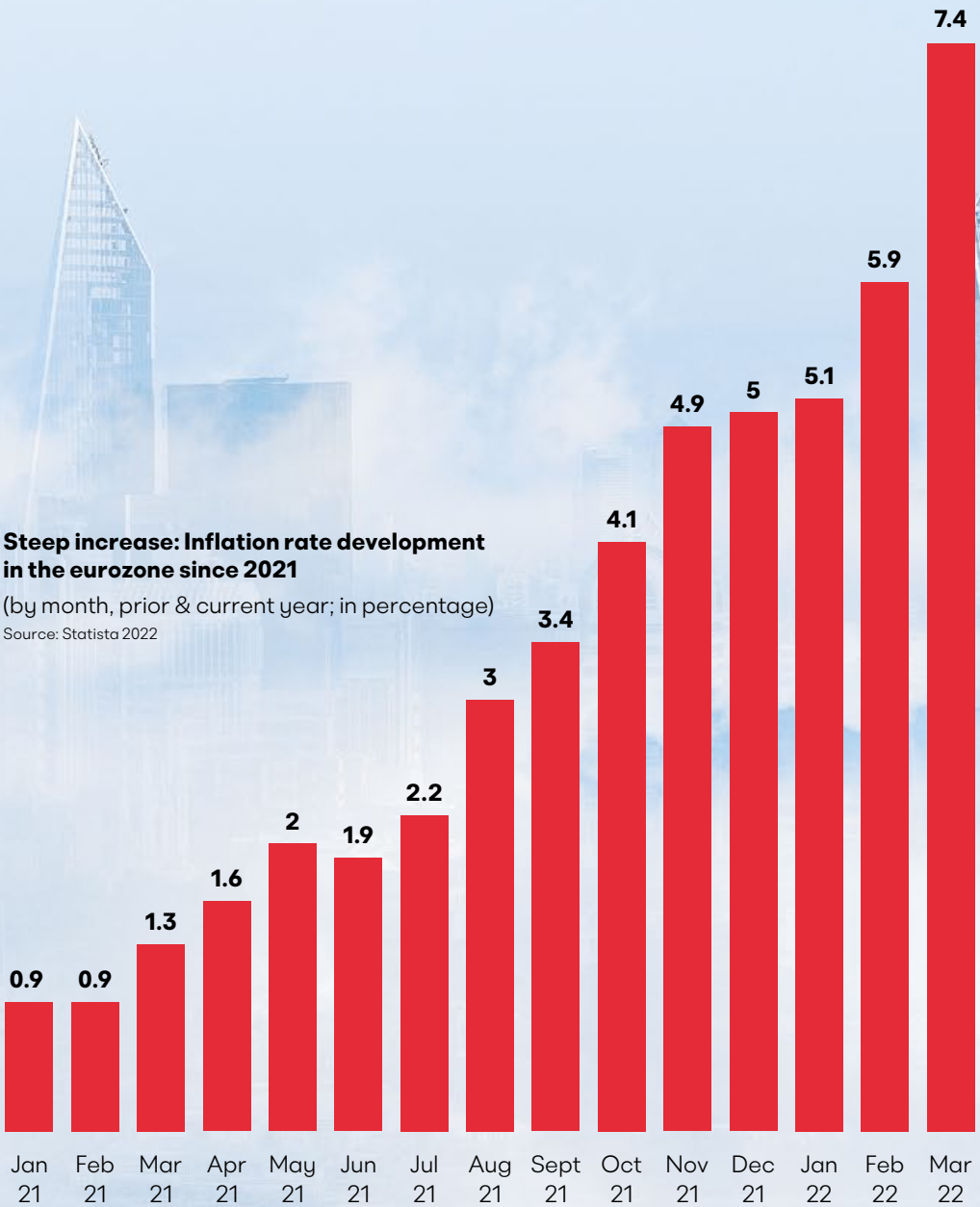
How is this imbalance affecting inflation?

Both goods and services usually grow at a trend rate of around one to two percent per annum, depending on which economy you're looking at. Up until the pandemic, the demand growth in the two categories was within the trend. After the pandemic, actual demand shifted from its trend rate. You can see that demand for services in the U.S. is still about five percent lower compared to its trend level. It's rather incredible that demand for goods is fifteen percent higher than its trend level.

Photo: Getty Images

Steep increase: Inflation rate development in the eurozone since 2021

(by month, prior & current year; in percentage)
Source: Statista 2022



Energy and food are contributing greatly to inflation. In the eurozone, it's some sixty percent. In the UK it's fifty percent but would be around sixty percent if we didn't have the energy price cap. In the U.S., about forty percent is attributed to food and energy. Given the situation in the Ukraine, it's not going to get any easier, especially in the eurozone with its strong dependence on Russian energy sources.

Where could inflation be headed?

As mentioned above, energy is probably the biggest channel to worry about, particularly for the eurozone. Demand for energy is neither sensitive to price changes nor inelastic. A price increase acts like a tax hike on consumers and businesses since they cannot avoid it or find a substitute, at least not immediately. As a result, the ECB is less likely to increase its interest rates at the pace it had been considering before the Ukraine crisis. Tax increases naturally slow down economic activity, and you don't want to make things worse by increasing interest rates or tightening monetary policy. The ECB's interest rates cannot affect international oil prices directly. So, while there is unlikely to be a rapid tightening of monetary policy, inflation itself is likely to remain at a high

level for longer than we anticipated two weeks ago because of energy and how that feeds into the rest of the economy.

How high do you expect inflation to climb?

In the UK, we projected a couple of weeks ago that inflation was going to peak at around seven percent. Now, if the current energy situation persists, it will probably be north of that. Even now (February 2022) we're at five and one-half percent, which is the highest since 1992. It is certainly the biggest challenge the Bank of England has faced since 1997. In the eurozone we projected inflation of about four percent for 2022, but given the hike in energy prices, it is more likely that the inflation rate will be in the range of five to six percent this year.

What is the impact on businesses in general?

In any inflationary situation, organizations have to protect their margins. So how? On the revenue side, you can increase prices, which is easier to do in a high inflationary environment as your competition is more likely to be doing the same thing. Yet with globalization, consumers are very sensitive to price increases, and you need to protect your customer base.

Governments are planning to help companies and consumers bear the costs of rising prices by granting subsidies and tax breaks.

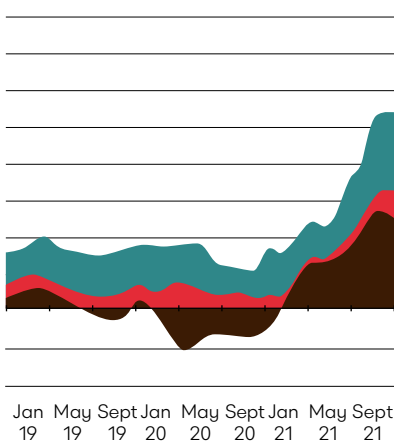


In the eurozone, energy and food on average have accounted for about two-thirds of inflation since June of last year.

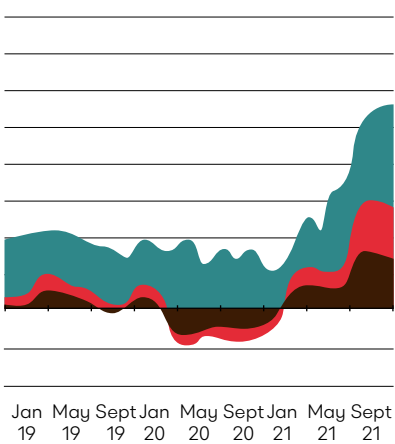
The charts below show the most important inflation drivers in the eurozone, the UK and U.S.

Source: PwC analysis, Refinitiv, BLS, ONS, Eurostat, ECB

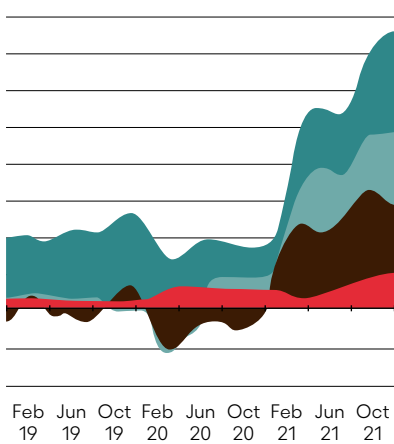
Percentage point contribution to eurozone HICP (Harmonized Index of Consumer Prices)



Percentage point contribution to UK CPI (Consumer Price Index)



Percentage point contribution to U.S. CPI



● Food ● Energy ● New and used vehicles ● Other

But you also need to control your costs, which affects your entire supply chain. It includes your people. Where you purchase your goods. It influences processes, so you'll want to invest in greater efficiency to become generally more efficient and, with luck, protect your margins.

Has COVID influenced developments?

Businesses have been through a serious COVID shock, and I doubt they have the spare cash to invest much in machinery, etc. Plus, there is not much machinery available because of the supply crunch. Staffing is an issue too. Companies can't find staff and people will be expecting higher salaries because of high inflation, which will again put pressure on margins.

One of the interesting developments post-COVID relates to productivity. What we're seeing is that companies that have ridden the digitalization wave and have used the beneficial monetary conditions in recent years to improve and streamline processes—think lean, agile, etc.—are in a better position than those who have not. But if you haven't

Photos: Shutterstock; PwC



Barret Kupelian
Senior Economist at PwC

Barret Kupelian is PwC UK's Senior Economist. He leads a team of consultants and economists who help PwC clients around the world make better decisions by analyzing macroeconomic trends and developments and using economic tools to forecast macroeconomic variables and assess a range of economic scenarios. His latest project involves building a 15-year economic growth plan for Cyprus. He is often quoted in the international press on his views of the economy.

changed in recent times, it's unlikely you're going to do so now that conditions are tightening. It's tricky!

Are we facing a bankruptcy or debt wave?

Interesting question. During COVID, we saw a decline in bankruptcies. This was largely thanks to the overwhelming extent of government support available to businesses. A report by the IMF, however, shows that Small and Medium-size Enterprises (SMEs) are more at risk than before the pandemic, particularly in labor-intensive sectors. That particular development threatens both macroeconomic and social stability.

The fact is that we have enjoyed remarkably lax monetary conditions, especially since the 2008 financial crisis. There was some tightening of financial conditions in the U.S. before COVID, but nothing significant in historical terms. Nevertheless, I worry about the presence of zombie companies, inefficient firms riding high on the wave of cheaper debt. Once that tap is closed or holding onto capital becomes more expensive, they will wipe out. So, although I don't think we will have a wave of bankruptcies, and that personal bankruptcy growth is likely to stay relatively stable, thanks to high employment levels, particular types of businesses are going to have to be very careful.

How can companies and individuals protect themselves from a potential bankruptcy wave?

For businesses, it's all about managing margins. The businesses that I suspect will be the most exposed to the risk will be those zombie companies. They won't have the agility to respond to the increased cost pressure we are now facing. But as I said, businesses that have not made the effort to reform themselves during the good times are probably not going to do so during the bad times.

US PRICES

7.9%

In the U.S., the Consumer Price Index rose by 7.9 percent through February, the fastest pace of annual inflation in 40 years.

Let me give you an example. The businesses that invested in developing and growing their digital platforms during the COVID-19 pandemic are likely to be businesses that are in a better position to face difficult financing conditions. Mainly, they were able to adapt when faced with a challenge. Interest rates going up is yet another challenge businesses will just have to deal with, and those who have a track record of adapting will be the ones to come out as winners.

The story on households is slightly different, I feel. Personal bankruptcies are more related to employment levels, and unemployment levels have been really low in modern economies. Even though the economy is facing quite a lot of pressure from the energy angle, the fact that employment ratios remain high is a good thing. It's tough, but there is a silver lining after all... •



Photos: Shutterstock, Julian Donov

GAME CHANGER

Why debt collection is so important for the economy

”

Debt is not a bad thing per se.

FOR COMPANIES IT IS THE BASIS of progress and growth. Debt can provide social justice and, as the pandemic has shown, save livelihoods.

To be more specific, I would say debt is good when it is put to good use and generates added value and, of course, when it is repaid. The economy is based on the very simple principle of paying for what we have purchased. If we have no money, we borrow from someone and pay it back later. If I consume without paying or without repaying my loan as agreed, the cycle comes to a halt.

Here's where debt collection comes in. We are, so to say, the grease for the economic cycle. It is our job to make sure obligations are met and to serve as a mediator between creditors and defaulting payers in order to find a solution, even when it seems impossible. We jump-start the process where it stalled. I can't imagine how the entire economy would work without us, the debt collectors.

Despite its relevance, the debt collection industry enjoys anything but a good reputation, neither here in Bulgaria nor anywhere else in the world.



Rayna Mitkova
Managing Director at EOS
Matrix in Bulgaria and President
of the Bulgarian debt collection
association

The reasons are as varied as they are understandable. Many people have had bad experiences with shady service providers in the past. Besides, who likes to be reminded of owing money?

So, how can we improve the public image of our sector? For me, the key to changing the image lies in good, transparent communication. We don't want to hide. With the media and society we want open and honest exchanges about the work we do and the mistakes we make. After all, we're all human. •

Fourteen zeros
After the first 18 months of the COVID-19 pandemic, global national, household, company and bank debt exceeded USD 300 trillion.
As of: 09/2021 | Source: Reuters

DATAFLOW

The world of debt

During the pandemic, global debt again increased significantly. Figures show the current trends – and reveal that the trend in sovereign debt is far from a new phenomenon.



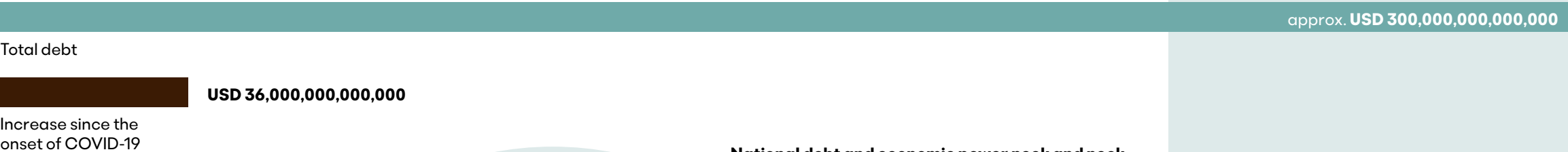
Countries and their sovereign debt
Venezuela's national debt now exceeds its economic power by a factor of three. Several small Asian countries, on the other hand, are almost debt-free.
As of: 2020 | Source: Statista

Countries with the lowest level of sovereign debt

Macau: 0%	Hong Kong: 0.99%	Brunei: 2.86%
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Countries with the highest level of sovereign debt

Venezuela	304%
Sudan	273%
Japan	256%



National debt and economic power neck and neck

124%
Industrialized countries

99%

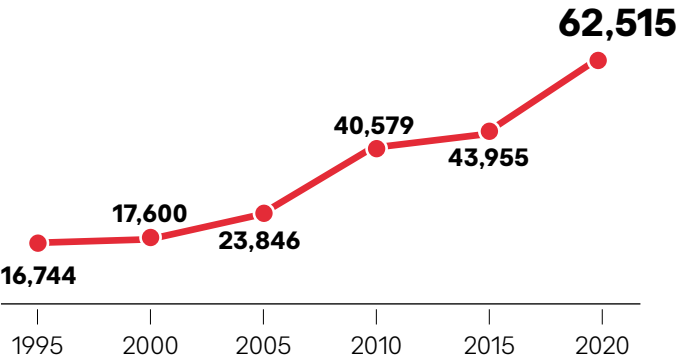
The global public debt ratio has jumped to 99% of global GDP. The industrialized countries have by far the highest debt ratio. There are many reasons for that, including high public expenditure during the global financial crisis and the COVID-19 pandemic.
As of: 2020 | Source: IMF Global Debt Database

63%
Newly industrialized countries

50%
Developing countries

132 OUT OF 148

countries
in the Global South were critically indebted in 2021. Eight more than in the previous year.
Source: Erlassjahr, Global Sovereign Debt Monitor 2021

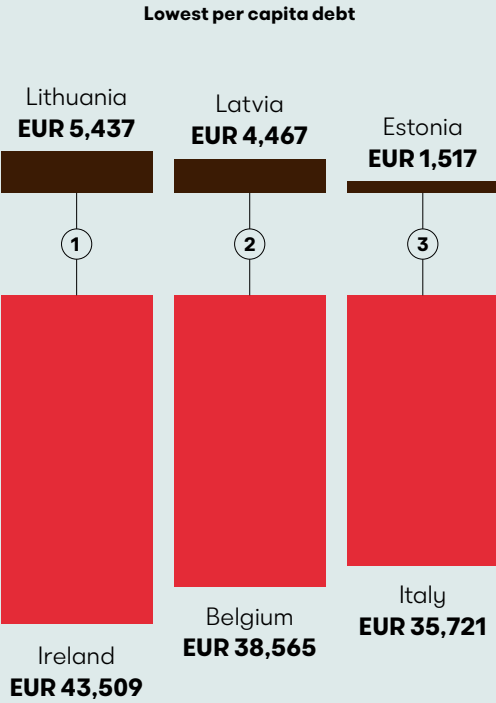


Not a new trend
Global national debt has almost quadrupled in the last 20 years. Figures in USD billion.
Source: German Bundesbank; Statista

Rapid growth in the euro area
Total debt in the euro area amounts to almost EUR 11 trillion. And this figure is rising sharply.
As of: 02/2022 | Source: Smava Schuldenuhr

Approx. EUR 360,000
of new debt per minute

Baltic States have the lowest per capita debt
As a proportion of their population, Ireland, Belgium and Italy have the highest debts in the euro area.
As of: 02/2022 | Source: Smava Schuldenuhr



PEOPLE @ EOS

I am Mel Bronzel



Work

I started at EOS in Germany in 2018 as part of my work-study program; today, I work as a Junior Operational Performance Manager in Business Strategy Management.

Interests

I love spending time with my family and friends. Sports, especially track & field, are also very important to me.

→ I ENJOY working with new technologies. So, when I completed my studies, I decided to write my bachelor's thesis on blockchain technology. As EOS is a technology-driven investor and a digital pioneer, I immediately found a sympathetic ear here. In my thesis, I analyzed the main opportunities and risks of using cryptocurrencies as a method of payment in the debt collection process.

I found that there are now more than 18,000 cryptocurrencies. However, they are treated primarily as a digital asset class or as speculation objects. Because bitcoin and other cryptocurrencies are so volatile, there is still quite a reluctance to use them as a payment method. Companies like Tesla and Lieferando must have realized that and no longer use cryptocurrencies as a payment option.

It is not currently feasible for EOS to use them as a method of payment in debt collection. Nevertheless, we will continue to follow closely the developments in digital payment options, like the ECB's digital euro. •

Photo: Benne Ochs

tech

Dossier on identity theft

26

THE DIGITAL SELF IS IN DANGER

Every day millions of digital identities are stolen and misused for criminal purposes. Data breaches are among the greatest risks for companies. However, there are ways for businesses and consumers to better protect themselves.

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TIME FOR (MORE) DIGITAL RESPONSIBILITY

How and why companies should tackle the task of corporate digital responsibility.

The digital self is in danger

→ AS DIGITALIZATION infiltrates all areas of our lives, the more likely it is that we will become targets of cybercriminals. “We” includes companies, society and every single one of us. According to the Hasso Plattner Institute, more than 1.6 million identity thefts occur in cyberattacks every day. It is difficult to determine exactly who orders and carries out those attacks because the world of cybercrime mirrors our economy in that it is global and closely interlinked with complex processes.

With increasing frequency, targeted attacks are the work of machines or bots, not of hackers (see page 35). The attack methods are becoming more complex and diverse (see page 33). Having captured personal data and identities, the perpetrators offer their loot for sale online. That opens more doors for fraud, generating domino effects and extensive damage.

24 The questions around original or copy, genuine or fake have occupied humankind for ages (see page 28). Yet the situation has probably never been as confusing as it is today. Insufficient security measures and data breaches are among the greatest risks for companies (Allianz Risk Barometer 2022). That’s why it is so important that businesses and users do more to protect IT systems and databases from identity theft and identity fraud (see pages 26–30). •

Text_Nicholas Brautlecht
Illustration_Jan Kruse, Human Empire Studio

Dossier
on identity
theft



ANTI-FRAUD SOFTWARE

Fraud defense needs man and machine

Text_Nicholas Brautlecht

Digital fingerprinting and device recognition are critical in the fight against online fraud.



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01
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EOS explore

RISK IDENT, headquartered in Hamburg's HafenCity, is the result of an Otto Group project in 2012.



Online trade in Europe has seen double-digit growth for years. The pandemic only added to the rapid increase in digital interactions between companies and customers. The number and use of digital payment methods have soared and in everyday life, we reach for the smartphone more often to show a vaccination certificate or train ticket. The downside to all this convenience is the opening it gives cybercriminals.

As digitalization of business increases, companies and every single one of us become more vulnerable. In 2021 the security researchers at the Hasso Plattner Institute in Potsdam recorded more data leaks on German websites than ever before. Theft of digital identities has climbed again as well. Trading in personal data is a billion-dollar business not only for Silicon Valley giants like Google and Facebook, but also for cybercriminals, according to the Institute. In e-commerce alone, experts estimate that worldwide losses due to online fraud totaled 20 billion dollars in 2021. That represents an increase of approximately 18 percent compared to the previous year. Identity proofing, the Institute says, has become the number one challenge for companies in e-commerce and the finance industry. Fraudsters are getting more and more sophisticated and are operating in all channels.

To find out how companies can protect themselves against online fraud, we conducted a video interview with Frank Heisel. Frank is Managing

Director of RISK IDENT. Like EOS, the company, which is headquartered in Hamburg's HafenCity, is part of the Otto Group. According to Frank, it is market leader for anti-fraud software in the German-speaking countries. The diversified customer base includes retail corporations like Otto and Breuninger, Deutsche Telekom and Vodafone, the car rental company Sixt, and Deutsche Bahn. In the financial sector, banks and payment providers protect themselves with RISK IDENT software. EOS clients also benefit (see the interview on page 31). Around the world, RISK IDENT secures annual revenue of 80 billion euros for its clients, according to Frank.

Battle against organized crime

Frank's vision is a world without online fraud. He realizes that this is a utopia. "But it is what drives us." He says the 75 members of the RISK IDENT team are so committed because they know they are doing good. "In the end we not only protect companies against payment defaults—because identity theft can happen to anyone—but also society as a whole," says Frank. "This type of fraud also finances terror and organized crime." But how can companies protect themselves effectively?

The best chance of preventing fraud is to recognize attempts early on. Frank explains how it works: "Criminals typically place more than one order. They use different identities or e-mail addresses, but don't have an infinite number of →

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devices. We see with device fingerprinting that we are getting an order from Anna, one from Jay, another one from Paula, but all of them use the same device. When we recognize that, we can identify and predict fraud attempts better.” In addition to device recognition, RISK IDENT offers the all-in-one solution named “FRIDA.” The central tool connects a current order to the data history to see, for example, whether an IBAN has been used for fraud in the past. It also is possible to use information from order processes, such as name, address and phone number, and data about the customer journey (the path customers take in a web store) and past purchases. RISK IDENT gives clients the option of including credit ratings from agencies such as the German SCHUFA.

FRIDA uses machine learning algorithms to generate links between these transactions and reveal patterns. “She” wonders, for instance: Have I seen this first name in this region within a radius of xx meters in combination with this shopping cart before?

Frank says fraudsters are remarkably persistent. “Even if they run into a brick wall a number of times, they do succeed eventually. The point is to make sure they do not succeed twenty times by using the same method.” So, the goal is damage control. Complete protection is impossible. That is the harsh reality.

Greater protection thanks to machine learning
FRIDA adapts to master the challenges in fraud recognition and prevents false positives to protect the company’s revenue and its legitimate customers. Frank explains: “Within the milliseconds it takes to process a transaction, retailers have to decide whether to accept or reject the order.”

Companies trying to defend themselves have to ask how inconvenient they want to make things from the criminals’ point of view, says Frank. The higher the firewalls to minimize fraud, the more steps are required. Having too many steps obviously clashes with the online shop’s goal of offering its “good” customers the fastest possible shopping experience, ideally with many payment options.

For some time we have seen the effects of increased security—especially the use of a PIN or TAN—when we shop online or transfer money. By requiring two-factor authentication, EU countries comply with stricter rules imposed by Brussels, specifically the Payment Services Directive PSD2. “This extra PIN is nothing dramatic, but it can be irritating,” Frank admits. Even then, the additional step does not provide 100% security. Theoretically, text message TANs can be intercepted or misused if your cell phone is lost or stolen.

As an anti-fraud software provider, RISK IDENT does not want to impede ordering processes or



“Our algorithms predict in a matter of milliseconds the likelihood that an order is fraudulent.”

Frank Heisel, Managing Director of RISK IDENT

financial transactions and prefers to “fly under the radar,” says Frank. “Our algorithms predict in a matter of milliseconds the likelihood that an order is fraudulent.” Banks or retailers base their risk decisions on these predictions.

AI is not a solo act

Whether or not algorithms and machine learning are involved, human beings still play a key role in this process and especially in borderline cases. “Since people are sometimes better at assessing a situation, we allow our customers to intervene manually between the ordering and the shipping process and perform a plausibility check themselves,” says Frank. Anti-fraud defense works, he believes, only when technology, data and people’s know-how mesh. “Artificial intelligence as the sole solution will be utopian for many, many years.”

Currently, e-commerce and telecommunications make up more than half of RISK IDENT’s revenue. Frank predicts that the financial sector in particular will have to make major investments in cybersecurity. After all, most financial institutions keep pushing the digitalization of their processes so consumers can transfer and receive money within seconds. “Instant payment is the vision all credit institutions are working on.” The amounts involved in lending differ greatly from those in →

FAKE OR ORIGINAL

Every age has its forgeries

Forged paintings, faked music, bogus documents—the history of forgeries is long and varied. Here are five examples from antiquity to the present.

Sources: Peter Köhler “Fake,” 2015, Wikipedia (German site), Variety.com



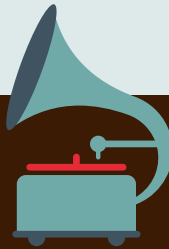
Roman hoax

Even back during the reign of Emperor Augustus, trade with fake antiquities was booming. Craving recognition, members of the Roman upper class ached for busts and statues in the Greek style. Consequently, the palaces of patricians were adorned with original works and copies.



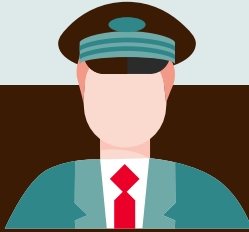
Hitler’s “diaries”

“Hitler’s Diaries Discovered,” claimed the headline in Germany’s news magazine *Stern* in 1983. However, the alleged sensation lasted only a few days. A professional forger had tricked the magazine. He was sent to prison for his deed, along with a reporter who had embezzled part of the millions of Deutsche marks paid for the fake diaries.



Fake pop duo

In the 1980s, Milli Vanilli rose to the top of European and U.S. charts with hit songs like “Girl You Know It’s True” and won a Grammy for Best New Artist. Yet the dance pop duo simply lip-synced. The hoax was exposed when playback suddenly failed during a performance in the U.S.



Hollywood-style forger

Sometimes Frank Abagnale pretended to be a pilot, sometimes a physician or a lawyer. It was the 1960s, and check kiting was his trade. In 1969 he was sent to prison. Today he advises companies on fraud defense. In 2002, his life was made into the movie *Catch Me If You Can* with Leonardo DiCaprio in the lead.



Fake Picasso

It is estimated that one-third of all paintings sold on the art market are fakes. Contradicting experts, Picasso reportedly accepted forgeries of his works as genuine. Sometimes great artists make forgeries. Magritte, for instance, allegedly painted fake Picassos and Paul Klees because he needed money.



Since the pandemic, even more people communicate via digital and mobile channels. That also increases the risk of cyberattacks.

online retailing. "In Germany, an installment loan of EUR 80,000 may be issued without any collateral," Frank says. So a great deal more money could quickly fall into the wrong hands.

In the EU, government programs should provide greater security by putting digital forms of ID on smartphones, for example. In Estonia consumers can already shop online with their ID card. Will these steps really increase security? Frank remains skeptical. Sure, he argues, central datastores make life easier for all of us. "But only up to the point when they get into the wrong hands," he says. "If you look at all the data breaches worldwide, you must assume that it can happen anytime, anywhere," he says. Sometimes, he adds, those who help build a system later become co-perpetrators. In other cases, weaknesses in software or third parties are to blame.

In India, for example, a central database was hacked last year (see page 34). "That is worst case." In central databases, the damage is in all likelihood even greater, as the personal data volume is larger and, above all, the data have been verified.

The latest cybercrime status report by the German Federal Criminal Police Office (BKA) suggests

that criminals on the web are not deterred by more sophisticated defense methods. "Nowadays, very few cybercriminals can commit their crimes by themselves, without critical support from third parties," it says. Instead, the report continues, they resort to professional service providers from the dark web. The phenomenon of cybercrime-as-a-service is rooted "in the professional, loosely structured criminal association of the underground economy, which is based on the division of labor and the pursuit of financial gains," according to the BKA. Frank agrees. "It is a never-ending cat-and-mouse game," he says.

Thanks to the pandemic, we communicate online and via mobile channels, transfer money and shop online more than ever before. Annual damage caused by cyberattacks around the world is estimated to be in the trillions of dollars. Online fraud has evolved into a serious cost factor for companies. To put it differently: If you lower fraud expenses, you gain a competitive edge. In an ideal world, according to Frank, a business such as RISK IDENT would not even exist. "We really are an unnecessary industry," he says. "However, data security is not and never will be an obsolete issue." •

FOUR QUESTIONS FOR ANDREAS BEHMENBURG

"Legal clarification required"

In cases of identity fraud, EOS does everything in its power to help the victim of alleged fraud. Andreas Behmenburg, Regional Sales Manager for EOS in Germany, explains the company's options.



In what area does EOS use software for identity verification?

We use the RISK IDENT product DEVICE IDENT to protect the logins to our client portal "EOS Space." It lets us look at such criteria as browser, language setting, keyboard layout and country of origin to check if the login attempt was made from an authorized or approved device. The two-factor method enables us to prevent access by an unauthorized person.

So the RISK IDENT software is not used in pure debt collection?

Correct, because once a case has landed on our desk, it's already too late. The goods have been shipped, the money has been paid – in short, the damage to the retailer or the bank has been done. Therefore, it is important to conduct the fraud check and the credit check at the moment the transaction occurs, the order is placed, or the loan is granted.

Let us assume that EOS contacts a supposedly defaulting customer because of an open cell phone bill, but the invoice is the result of identity theft. What's the legal situation in this case?

That's a highly current issue. The German Federal Court of Justice issued a ruling on the matter just last October. It decreed that a debt collector acts unlawfully when it writes to presumed customers who have become the victims of identity theft and with whom the collection company in fact does not have a contractual relationship. Whether or not we have erroneously assumed that a contract had been concluded is irrelevant. In other words, collection services would, in theory, have to contact each person by mail or phone in advance to ask whether he or she had become the victim of fraud. Given the large number of cases every day, that's just not feasible. As far as our industry is concerned, legal clarification is required (see the BGH ruling of 10/20/2021 (ref. no. I ZR 17/21)).

What does EOS do in such cases?

We have raised our staff's awareness of the issue. If fraud has occurred, the objective is to clear up the problem as satisfactorily and quickly as possible in the interests of the consumers who have been deceived and the companies involved. After all, charges for collection processes should not accrue in connection with fraud. We immediately notify our clients, who then start criminal proceedings if possible. Taking legal steps can at least put impostors on notice. •



Andreas Behmenburg,
Regional Sales Manager
for EOS in Germany.



CYBERCRIME

Tracking down online fraud

Text_Nicholas Brautlecht
Illustration_Jan Kruse, Human Empire Studio



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01
•
22

EOS explore



1.

IDENTITY THEFT

What methods do cybercriminals use?

The classic: the carding method

Criminals open an account, pose as a new customer and order products without paying. One of their favorite tactics is to use a blend of forged and stolen identities. The name and billing address of an actual person, for example, might be used in conjunction with an e-mail address and phone number created specifically for the fraud. Then they can control the dialog with the merchants or suppliers.

A current trend: the account takeover

Cybercriminals hijack entire user accounts. We see this more and more often, partly because the protection mechanisms companies use to frustrate the carding method (see above) are becoming increasingly effective. Plus, the number of data breaches (see page 34) is climbing. As a result, criminals can gain access to ever more user data. Frequently users make it easy for them by choosing weak passwords. Other users become victims of phishing attacks. When criminals get hold of combinations of e-mail addresses and passwords, they test them at online shops, with banks or cell phone providers, often using a completely automated process. They might also try combining e-mail addresses with popular passwords (see page 34).

Potting soil instead of iPhone: the refunding method

In one example, a criminal orders an iPhone from an online shop and pays for it. Then he returns the shipment, except that the package does not contain an iPhone but a pile of soil with the identical weight. It sounds absurd but did in fact happen. In 2019 a Spaniard using this scam was caught after he had allegedly defrauded Amazon of EUR 330,000. How could that happen? One reason is the flood of returns large retailers have to deal with. Often the vast volume of returns can be handled only automatically, for instance, by weighing the returned merchandise. An old rag could slip through the return process as a Hugo Boss sweater. After all, retailers know that reimbursing the customer should not take forever. Otherwise he or she will buy elsewhere next time.

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2.

DATA LEAKS

Professional data, iris scans, and China’s intelligence agency

June 2021: LinkedIn

Data from 700 million users or 92 percent of the user base are offered on the dark web. The information includes e-mail addresses, names, phone numbers, geolocation datasets and professional backgrounds. For their attack, hackers apparently use a LinkedIn interface which allows other programs to connect to the system. LinkedIn describes the incident not as a data breach but as a violation of the network’s terms of use.

March 2018: Aadhaar database

Personal data on 1.1 billion Indians from the world’s largest database are offered online: names, photos, thumbprints, ID numbers, iris scans and bank details. The problem is blamed on a data leak in the computer system of a government-owned energy supplier.

2014–2018: Marriott

Data from 383 million hotel guests of the Marriott subsidiary Starwood are stolen: names, contact details, credit card information and passport numbers. Experts suspect that China’s civilian spy agency has collected data on U.S. citizens this way for many years. Unfortunately for Marriott, the hotel group acquired Starwood in 2016, after the data leak occurred and two years before it was discovered.

(Sources: LinkedIn, UpGuard, Marriott, The New York Times)



123456 |

3.

PASSWORDS

Porsche, Liverpool, love – passwords to be avoided

Even though most users worry about cybersecurity, surprisingly few make a real effort to protect themselves from data theft. The annual rankings of the most popular passwords in the world reveal how transparent many of us are. An astonishingly large number of people, for instance, use their own names, according to the U.S. cybersecurity company Nordpass. Its analysis of the most frequent passwords from 50 countries also revealed that Liverpool is apparently the most popular soccer team and that Ferrari and Porsche are the most coveted car brands in the world. Swear words, too, are fairly frequent password choices, more often – careful, cliché! – of men than of women. Declarations of love made the charts as well. “Iloveyou” was number 22 in the world ranking, and in Germany, “Schatz” (darling) made the top 10. Numerical sequences, however, remain the least secure, as the list of the top 10 worldwide passwords shows quite clearly:

The most frequent passwords in 2021

123456
123456789
12345
qwerty
password
12345678
111111
123123
1234567890
1234567

4.

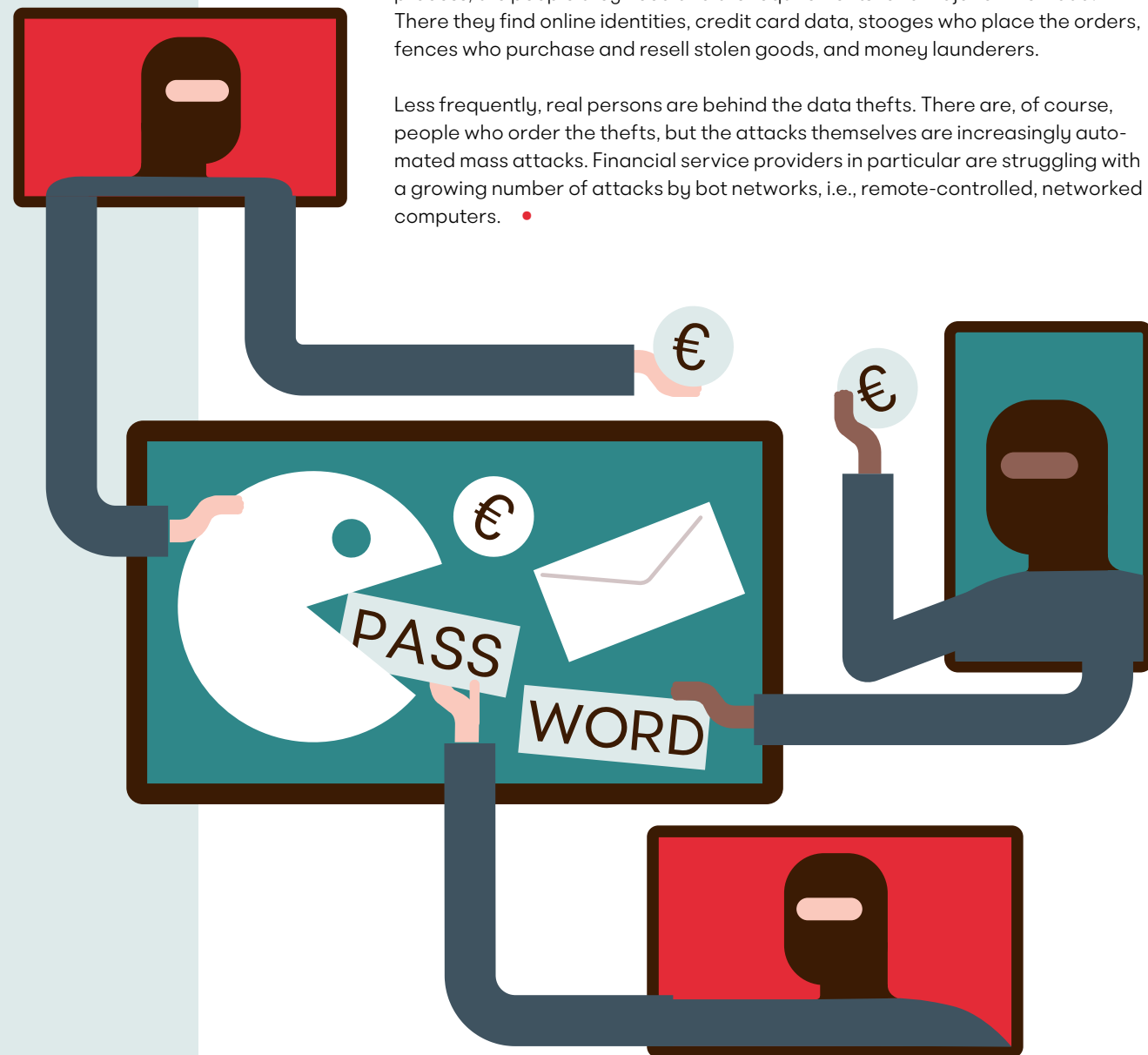
OFFENDER PROFILES

Man or machine: who is the attacker?

Obviously, there are amateurs, people who order products for their personal use without intending to pay for them. Then there are the semi-professionals who want to test their IT savvy and reap their “rewards” left and right. One of the greatest dangers in identity theft, however, comes from international gang networks. They divide their scams into many different tasks and spread them across many people. “Then they can plan threat scenarios without being directly involved technically or physically,” says Frank Heisel of the cybersecurity firm Risk Ident (see pages 26–30).

The Federal Office of Criminal Investigation in Germany warns in a status report: “[The increasing specialization] enables even less cyber-savvy criminals to carry out crimes and attacks that are technically fairly complex” (Cybercrime-Lagebericht 2020). The perpetrators turn to darknet sites for information about the process, the people they need and the requirements for a major online fraud. There they find online identities, credit card data, stooges who place the orders, fences who purchase and resell stolen goods, and money launderers.

Less frequently, real persons are behind the data thefts. There are, of course, people who order the thefts, but the attacks themselves are increasingly automated mass attacks. Financial service providers in particular are struggling with a growing number of attacks by bot networks, i.e., remote-controlled, networked computers.



CORPORATE DIGITAL RESPONSIBILITY

Are you **digitally responsible?** The time is now...

Interview_Mark Gray

Corporate Social Responsibility is no longer new. What may be new to you is Corporate Digital Responsibility (CDR). Read on to learn more about CDR, also known as “digital ethics”, influences how companies act digitally and how we as users interact with them and their services. To date, practicing CDR is voluntary, so why bother?

Isn't it just extra time and effort for the IT department while we're all still trying to cope with working away from the office? We spoke to author and CDR expert Dr. Saskia Dörr from WiseWay. Passionately determined, she explains the ins and outs of the latest developments and why embracing CDR is so important.

So what is CDR and why is it important?

SASKIA DÖRR: Let's first address the terminology. Across Europe, the concept of corporate digital responsibility, or CDR, was first discussed back in 2015. Its counterpart in a global context, or more accurately in the Anglo-Saxon world, is digital ethics. While there are some theoretical differences, they both address how to deal with today's digitalization. CDR is a set of practices and behaviors that help an organization to use data and digital technologies in ways that are perceived as socially, economically, and environmentally responsible. Take the use of chatbots,

for example, or how we deal with information people provide when they visit a website.

Digitalization has been around for a long time. Where did CDR suddenly come from?

CDR is very much a reaction to societal development. The domination of the mobile Internet with all its related services has outpaced legislation, and we find ourselves in a situation in which the way our data are managed and exploited is pretty much a black box. Yet this runs counter to the zeitgeist. As the world becomes digitally more mature, lack of transparency is no longer acceptable. Something has to change.

So what is being done to introduce this change?

To date, companies have mostly had free rein to use data as they see fit. Now, legislation is catching up through initiatives all around the world. The German Ministry of Justice is introducing a CDR Code and mature programs are in effect in France, Poland, the UK and Switzerland, among others. The Swiss, for example, have introduced what they call “Swiss Digital Trust Label”, which allows companies to demonstrate their commitment to CDR through audits and certification. We also have started an international initiative known as the “CDR Manifesto”, in which we invite →

Dr. Saskia Dörr
Founder
of WiseWay

Saskia Dörr is an expert in Corporate Digital Responsibility with over 20 years' experience in the information and communication industry. As the founder of WiseWay, she is a sought-after expert on digital responsibility for people, society and the environment.

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As the world becomes digitally more mature, lack of transparency is no longer acceptable.

Dr. Saskia Dörr, Founder of WiseWay

Photo: BOSSE + MEINHARD

organizations to declare their involvement in CDR based on five principles. Yet all these initiatives are voluntary at the moment.

If CDR is voluntary, why should companies invest the extra time and resources?

(Laughs) Yes, that is the crux of the matter. If anything, CDR (still) represents a huge opportunity. The speed of digitalization has overwhelmed us all. Do you really know what is being done with your data? Doesn't it scare you just a little that a single Internet search leads to advertisements popping up whenever you open a browser? The bottom line is that there is a huge deficit of trust related to digitalization. And trust is the basis of any digital interaction. Organizations that can instill a sense of trust in their digital activities are going to be at an advantage.

But it goes beyond the interaction with users. Employer branding, for example, is a huge topic. The authenticity and trust expressed by CDR initiatives appeal strongly to generations Y and Z, so CDR can directly increase an organization's attractiveness as an employer.

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How do organizations introduce CDR, and what should they watch out for?

Start small. Authenticity is key. But if trust and transparency are part of how you (want to) do business, CDR will enhance all areas. Our STEFI model provides five principles and a process for trustworthy data management:

- **STEWARDSHIP:** Manage your data in the name and interest of the organization and the person involved. Be clear about what you do with the data you give them. Do not use personal data out of context or for purposes that the individual does not expect, has not expected or has not consented to.
- **TRANSPARENCY:** Apply the principle of "no surprises." Provide clear and relevant information to users, with ease of control. Be transparent about what data you collect and how you use and share it.
- **EMPOWERMENT:** Respect the interests, time and attention of the individual. Do not use "consent" as an excuse for bad practice. Put yourself in the "shoes of others" to understand the impact of your data handling and communication about it.
- **FAIRNESS:** Optimize benefits and reduce costs for all, including nonusers. Make ethical considerations clear in your development process and justify your design and implementation decisions. Do you create risks and costs that will be borne



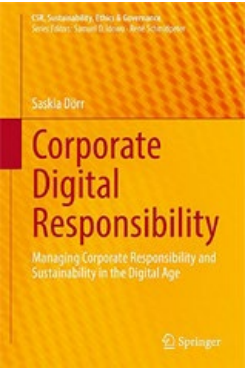
Organizations that can instill a feeling of trust in their digital activities are going to be at an advantage.

Dr. Saskia Dörr, Founder of WiseWay

- by others? Include the impact of failure or misuse in these considerations.
- **IMPACT:** Create added value for the community. Participate in open data or open source projects. Share your expertise in implementing digital ethics or digital responsibility.

The process is simple. Analyze each of these five points. Assess where you stand. Then define measures to improve in each area. If you are committed to strong and responsible digital governance, for example, start by introducing a Digital Ethics Board. If your brand directs you to be open about your economic and societal impact, be transparent about how you use your algorithms and data with shareholders, employees and consumers.

Why 'is the time now'?
We are witnessing a convergence of interests that has not yet reached its apex. Sooner or later, society as a whole and especially the upcoming digital natives will expect CDR. The black boxes will have to be eliminated, and regular legislation will demand it. Now it's all voluntary. Smart organizations will capitalize on this and be early adopters. They will be the first to increase the trust of their clients. The first to be open with their employees and the first to appeal to the future workforce. Before we know it, this window of opportunity will have passed. And anyway—apart from the competitive advantage—digital responsibility just makes sense from a humane perspective, right? •



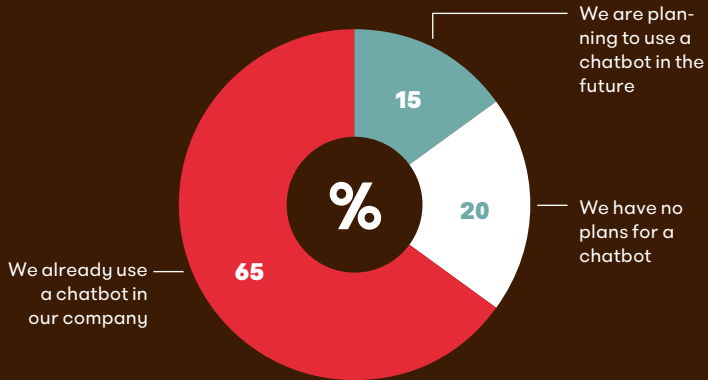
In her book *Corporate Digital Responsibility: Managing Corporate Responsibility and Sustainability in the Digital Age*, Dr. Saskia Dörr explains how companies can use CDR for the benefit of their business.

Photo: BOSSE + MEINHARD

SURVEY

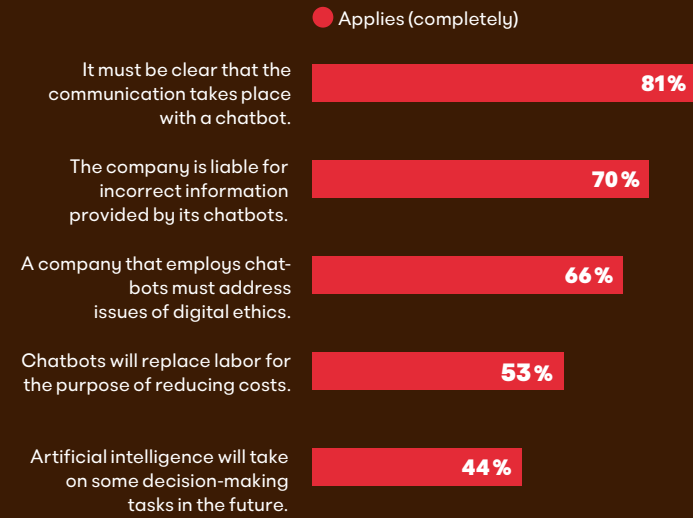
Chatbots: a matter of ethics?

A recent survey by EOS reveals that chatbot technology is enormously popular. Today nearly every other company in Europe employs these digital helpers in its customer service and their number is increasing.



Every day chatbots communicate live with customers, patients or staff members. Companies that employ a chatbot therefore must grapple with many ethical issues.

The study participants assessed the statements below as follows:



EOS Chatbot Survey 2021

To learn more about interesting EOS study results, simply scan the QR code:

OLD SCHOOL VS: NEW SCHOOL

The power of data

The way EOS in Germany handles debt collection has changed a great deal over the years. Where analog processes used to predominate, now intelligent algorithms rule. Yet the transformation is far from finished.



Yesterday



FIRST REMINDER, second reminder, third reminder—legal proceedings. (Very) roughly speaking, the collection process follows a simple and recurring pattern. In the 20th century, cases were handled in a similarly rigid fashion. Defaulted payers were reminded by mail in standardized letters, and across-the-board offers were made.

Today



THE PROCESS is still the same. Yet the way EOS handles cases today is a great deal more personalized, made so by the large volume of data that self-learning algorithms study and analyze. The best next step in the collection process is determined by considering the amount and age of the debt and characteristics of the defaulting payer, such as age, debt history and residential address:

Example: “How and when do I best reach a defaulting payer twenty-something customer from Berlin-Kreuzberg?” Several previous cases have shown that letters are no longer the appropriate means of communication with young city dwellers. An email sent around noon may be a more promising method.

Tomorrow



EOS WORKS every day on the continuous improvement of machine learning models and their predictions. Another future variable will be the tone of the notice asking defaulting payers to pay their invoice. When is an informal, polite tone sufficient and who should be addressed more formally? Targeted communication with defaulting payers could be improved while serving the interests of the creditors.

value

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RESPONSIBILITY

Empowering women and teaching children to handle money well – Corporate Responsibility (CR) initiatives from the world of EOS.

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NEW BRAND, NEW CEO

CEO Marwin Ramcke on the new EOS brand and his vision for the coming years.

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POLAND ON THE UP

How our colleagues at EOS in Poland have made their company an industry leader.

1 SPAIN**The stage is set for more woman power**

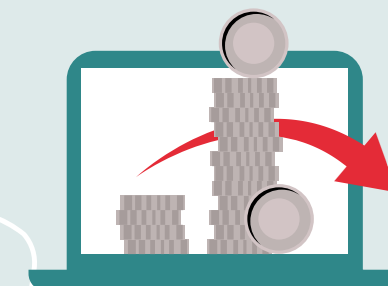
WHEN THE "TOP WOMEN LEADERS" AWARDS were presented in Madrid in November 2021, EOS in Spain was among the winners. The objective of the competition is to increase the visibility of female talent. The Spanish national subsidiary draws attention to women in a variety of ways, including through radio programs, business networks and conferences. "We cannot afford to ignore female talent," says Marta Pereiro, People & Culture Director, and since 2021, a member of the steering committee.

2 FRANCE**Gold rating for outstanding engagement**

ECOVADIS HAS AWARDED EOS a gold medal for its engagement in the area of corporate responsibility in France. Scoring 66 out of 100 points, EOS is in the top five per cent of companies evaluated in its sector. The evaluation criteria are grouped into the four themes of environment, labor and human rights, ethics, and sustainable procurement. EOS actively involves its employees in France in CR activities such as the company vegetable garden and a CSR quiz and in campaigns like Movember (a men's health initiative) and World Cleanup Day.

3 CZECH REPUBLIC**Financial education catches on**

THE FINLIT FOUNDATION'S first initiative, ManoMoneta, made its debut in the fall of 2020 and quickly succeeded. In less than two years, the financial literacy initiative has reached more than 900 German schools. As financial expertise is extremely relevant outside of Germany as well, the charitable EOS organisation is now rolling out this educational program internationally. Since spring this year, high-school students in the Czech Republic have been learning how to handle money correctly with help from ManoMoneta. In preparing the course, the foundation translated the learning materials into Czech with assistance from EOS colleagues in the country. Additional countries are expected to come on board soon.

**5 CROATIA****Video lessons in debt avoidance**

LIKE finlit, EOS in Croatia focuses on financial education in its commitment to a debt-free world. In this case, however, the target group is not children, but rather people who have had experience with excessive debt. Short educational videos describe the most common debt traps and how they can be avoided. The goal of the campaign is to reduce the risk of defaulting payers racking up excessive debt again while training them how to handle money.

**4 CROATIA****Diversity at all levels**

DIVERSITY and mutual respect are two of the core values of the global corporate culture at EOS. "Here at EOS, irrespective of age, ethnicity or nationality, gender or gender identity, religion or world view, sexual orientation or social background, we have a shared corporate culture," explains Barbara Cerinski, Managing Director of EOS Matrix in Croatia. In order to underline once again this ethos, EOS in Croatia signed the Charter of Diversity initiated by the Croatian Business Council for Sustainable Development. In doing so, the national subsidiary commits to supporting, protecting and nurturing cultural diversity.

Illustrations: Shutterstock

CORPORATE RESPONSIBILITY

EOS takes responsibility on the international stage

The EOS Group is resolutely pushing ahead with its Corporate Responsibility (CR) initiatives. They go beyond climate protection. The Group's CR strategy focuses mainly on social and corporate engagement.

CEO INTERVIEW

Setting international standards

Interview: Philipp Stiens
Photos: Benne Ochs



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01
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EOS explore

Marwin, you first took on the role of CEO in February. Where would you like to lead the EOS Group in the coming years?

MARWIN RAMCKE: EOS has evolved from a national debt collection service provider to an international expert in Non-Performing Loans (NPL). We are one of the leading European receivables management companies. We can be rightly proud of that, but there's still a lot more we can do. At EOS, I see my most important job as setting standards in the finance industry as a whole, and not just in the debt collection industry.

What challenges do you see down the road for EOS?

We are living at a time of unprecedented uncertainty. Inflation is rising throughout Europe, COVID-19 is still circulating, and the whole world is deeply concerned about the situation in Ukraine. Challenges are not new to us. I have been part of the EOS Group for the past 15 years. During that time, we successfully dealt with the global financial crisis and the COVID-19 pandemic, for example. Now we have other challenges to meet. One of the most important – even in times of uncertainty – is transforming EOS to a fully digital business model in the coming months and years. Another challenge that we need to tackle is the “war for talent.” We are acutely aware that skilled staff are increasingly hard to come by. That's why it is so important that we as a Group grow stronger together and expand our international presence. We should look outside our local labor markets. There is talent all over the world, and we need to persuade talented staff to join EOS to take up appealing tasks – in Hamburg, Paris or Budapest. I am sure that language is key to achieving this. For that reason, more English will be spoken at our headquarters in Hamburg from now on.

The new brand world is intended to emphasize the international perspective adopted by EOS. How will it do that?

The brand relaunch is another milestone in the evolution of the EOS Group. Let me illustrate this using our logo. If you look at our old logo, you will see →

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that it is very traditional, very conservative and – to put it another way – simply very German. However, for a very long time now, we have not been that analog national debt collection company that we were when the logo was designed. Today, we are an international investor in receivables portfolios and a digital pioneer that sets standards for the entire industry. Now we want to communicate this extraordinary development to the outside world.

What does the new EOS logo stand for exactly?

The new logo embodies dynamics, digitalization and our desire to shape the future. The lowercase “e” in the logo stands for the international perspective of the EOS Group that increasingly crops up in our daily work. We take the “e” from English – the global language that rarely uses uppercase letters. The “O” symbolizes our objective of changing the finances of our clients and defaulting payers for the better, both on a large and a small scale. Just as the O is in the center of the logo, our objectives are at the center of our attention. The unfinished “S” represents our ongoing transformation process. In the past several years, we have achieved quite a lot, particularly in the areas of corporate culture and digital transformation. The unfinished “S” also symbolizes our never-ending striving. EOS will never be finished; transformation is in our DNA.

What kind of changes will the new logo mean for EOS clients?

Apart from the logo in the letterhead, not much will change initially for our clients. We will remain a reliable and stable partner as we continue to process their receivables with our unchanged values and standards. We will continue reinventing ourselves on a daily basis, becoming more digital and customer-centred every day and continuously expanding our product portfolio. Like our algorithms, our employees learn more every day, ensuring increasingly more efficient receivables processing. Clients could rely on that in the past and they will be able to rely on it in the future.

What do you hope for with the new brand?

Our vision, the new slogan and ultimately the new brand identity and design define us as a Group. The new brand will show our stakeholders who we are. It will show them that we move with the times and where we want to be in the future. In short, what they can expect from working with us. First impressions are crucial. We should not forget the effect that such visual changes can have internally on our own organization. The new brand

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**EOS will never
be finished;
transformation
is in our DNA.**
Marwin Ramcke, CEO of the EOS Group



The digital networking of the EOS offices opens up many new opportunities for international cooperation.

Photos: Adobe Stock; shutterstock



creates a new Group identity and allows our subsidiaries to grow even closer together.

So international cooperation is expected to be even more intensive in the future?

Exactly. We have already established the technical infrastructure – another byproduct of the pandemic – over the past two years. Employees in all national subsidiaries are now joined together via a single collaboration tool that gives us new opportunities for working together in the future. Instead of thinking in silos, we want to span borders; instead of going it alone nationally, we want to work more in multinational teams.

That's a major project. Do you have a role model that guides you in your daily life?

I don't have a role model as such, but I do follow one simple rule. Every day, I want to learn something new; every day I want to be better or smarter than I was the day before. •



**New Brand Identity
More than just a logo**

The EOS Group unveiled its new logo in March. The dynamic red symbol is literally and figuratively borderless. “Nothing should limit our thoughts and actions,” says Lara Flemming, Senior Vice President Corporate Communications & Marketing at EOS. The new appearance of the EOS brand goes way beyond the logo. Lara and her team worked for two years on giving the Group a completely new corporate identity. “I'm pleased that management chose a disruptive design leap over evolutionary development of the brand,” she says. “If we had made only minor modifications, we would not have done justice to the tremendous transformation EOS has undergone in recent years. Now, we can hardly wait to present our new EOS identity together with our international colleagues at all our touchpoints.”

WHAT'S UP IN... POLAND?

Engineering a total turnaround



When Dariusz Petynka took over EOS in Poland some five years ago, he encountered Poland's most volatile financial market situation to date. A competitor had cornered almost the entire NPL portfolio market and EOS concentrated on contingency services. Then the NPL market collapsed in a scandal. In just five years, EBT at EOS in Poland has grown twentyfold and the company won a prestigious national award as Best Investor. How? With a total turnaround of top staff, innovative HR policies, and a clear focus on new markets.

Successful with new focus

It has been a roller coaster ride, to say the least. When Dariusz arrived, there was nothing on the market. The key perpetrator of what might be Poland's biggest financial scandal ever was purchasing everything—at above market value, as it turns out. In the vacuum left by its collapse, everything changed. With the rest of the market still focused on the troubled market for NPL, EOS leveraged its advantageous position with support and trust from the Group and found its niche in mortgage-secured loans. With an established, financially strong position, the company has since entered new markets and, in 2020, purchased a record volume of unsecured loans.

Trust and innovation

Alongside the niche market, organizational change has been instrumental in the company's success. Dariusz created a highly skilled new team. With changes partly driven by COVID, the team is now implementing a flat operational model with clearly

defined processes that entrusts employees with responsibility and gives them freedom to act. The flexibility of the model encourages engagement and innovation. The addition of two new members to the Board—a Chief Investment and Technology and a Chief Financial Officer—is intended to enhance stability and insight.

Next: five times more please...

Improving is easy when you start from almost zero. Now that the company has achieved the profit of a small bank, staff ambition remains strong.

Dariusz Petynka: "In the past two years, we have won national awards as best investor. These completely objective awards show we are heading in the right direction. We're now looking at new markets, enlarging the team, and implementing a culture based on trust, empowerment and responsibility. I am really proud of our team. Our original ambition was to be in the Top 5 collection companies within five years. We're already second in terms of our result. It's an exciting business, and we're all hugely motivated by our success and our contribution to the further growth of the EOS Group." •



Dariusz Petynka, Managing Director, has big plans for EOS in Poland. He has implemented some of them in the past few years.

Photo: EOS

impulse

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PEOPLE @ EOS

Raise the curtain on Alisha: The compliance expert promotes equal rights.

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THE EURO TURNS 20

Some 340 million people use it. Now the euro is celebrating a milestone birthday. A few facts.

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GREEN INVESTMENTS

Investing in funds or directly in a startup? What investors should know about sustainable investments.

PEOPLE @ EOS

I am Alisha Kumar

Position

I am Junior Corporate Compliance Officer at EOS Holding.

Interests

My love for cooking and baking. If things go wrong on occasion, that's OK too. What counts is being creative!



Photo: Benne Ochts Illustrations: Shutterstock

50 → I GREW UP SPEAKING FOUR LANGUAGES. That's why I was always attracted to working in an international environment like at EOS. I came on board in a work-study program in 2017 as a dual student. During my studies, I focused on sustainable leadership. I chose my focus very deliberately and made a good decision. As a compliance officer, I see on a daily basis how important it is to clients and co-investors that corporate responsibility and compliance go hand in hand. I am happy that EOS has now also become a member of the UN Global Compact, a programme of the United Nations, that promotes responsible corporate sustainability. The principles include the protection of human rights and elimination of discrimination. In our company, the W:isible initiative has raised awareness of equal rights. I am personally active in W:isible and especially advocate the advancement of women. I learned how to campaign effectively for an issue as a student, as a trainee representative in the works council, and outside my job through my involvement with Transparency International. Strengthened by these experiences, I am once again a candidate for the works council. •



The ECB has a plan to **redesign** the euro banknotes. A competition will be held to come up with a new design by **2024**.



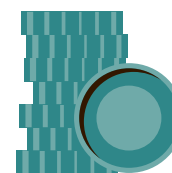
For the issuance of the new currency,

15

billion banknotes
(value: 630 billion euros)
and more than

51

billion coins
(value: 16 billion euros)
were made.



The euro is turning 20!

In 2002, ATM machines dispensed the first euro banknotes in Europe. Today they fill the wallets of Europeans in 19 countries. A look back.

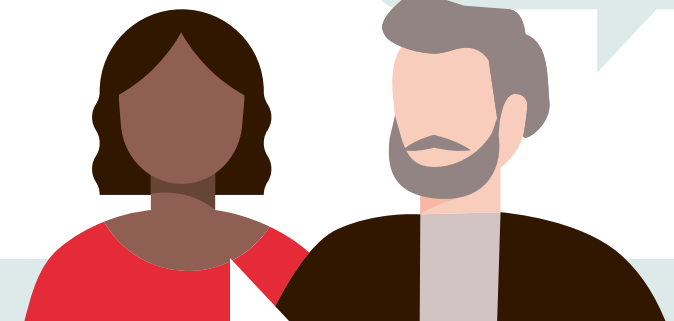
The starter kit contained

- 1x
- 1x
- 2x
- 3x
- 4x
- 4x
- 3x
- 2x

More than **340 million Europeans** use the euro as a means of payment every day.

Did you know?

According to the EU Commission, **the cost of minting the one- and two-cent coins exceeds their actual value**. That's why Finland, the Netherlands, Ireland, Italy, and Belgium have phased them out.



According to a survey from the **summer of 2021, 79 percent of citizens in the eurozone are in favor of the euro.**
(Source: Eurobarometer no. 95, 2021)

History of the euro

1993

The Economic and Monetary Union (EMU) is established in the Maastricht Treaty.

1995

The Member States agree on the name **euro**.

Écu

The new currency was almost given the name "Écu", short for European Currency Unit.

1999

Eleven EU Member States adopt the euro as their common currency.

2002

Euro notes and coins are issued.

2001
Greece

1999

Belgium, Germany, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, and Spain

2007
Slovenia

2008
Malta and Cyprus

2009
Slovakia

2011
Estonia

2014
Latvia

2015
Lithuania

HOW TO

Green Investments

Text: Bärbel Brockmann



*The information provided here does not constitute investment advice or an investment recommendation.

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Doing good and making money

MORE AND MORE PEOPLE WORLDWIDE want to invest sustainably. Besides realizing a return, they want their investment to benefit society, the environment, and the climate. The research company Bloomberg Intelligence expects sustainable assets to surpass the USD 53 trillion mark by 2025. That amount would exceed one-third of the 140.5 trillion dollars in total managed assets projected by then. The numbers suggest that people are willing to do some good with their money. However, it isn't all that easy for private investors to find the right investment. On the one hand, the market is rather complex. On the other hand, there is a lack of generally applicable standards that could help investors to examine and compare different investment options. Even seals of approval are not always helpful because there are simply too many. Finally, investors do not know exactly what sustainable financial investments are.

For example, a survey of 3,000 investors by the Swiss Federal Institute of Technology (ETH) in Zürich showed that only one-quarter knew what the omnipresent abbreviation ESG means. ESG stands for the three sustainability criteria of Environment, Social, and Governance, which are the basis for many sustainable financial products. In the future, potential investors will find guidance on sustainable investments in the taxonomy, the classification system now being devised by the EU. Its goal is to provide precise criteria for what makes a financial investment sustainable. Publicizing the information should make it more difficult for companies to practice greenwashing of financial products, that is, claiming a sustainable benefit without any proof. It is presumed that informed investors would invest more and achieve better returns on investment. Today their uncertainty discourages many private investors from investing in the growing market of sustainable financial products.



Via sustainability funds, private investors can exert direct or indirect influence on the energy transition.

Photos: Getty Images

Large selection of funds

THE EASIEST WAY to make a sustainable investment is via funds. A good choice for newcomers is ETFs (Exchange Traded Funds). Those funds focus on an entire index rather than a selection of individual stocks and therefore carry a relatively low risk for investors. Examples include the MSCI World Socially Responsible Index and the Dow Jones Sustainability Index World Enlarged, both of which list companies that verifiably operate according to ESG standards. Other ETFs focus on specific industry sectors, like Global Clean Energy which specializes in alternative energies. Many other ETFs do not apply very narrowly defined sustainability criteria. The index may include a company even though it is not "green" at all at first glance. It's enough if the company meets certain exclusion criteria, such as no involvement in weapons, coal, or tobacco production.

Investment funds as an alternative to ETFs
In addition to ETFs, investment funds present a good opportunity to invest sustainably. "Green" funds invest in stocks of individual companies which either operate according to ESG standards or to their own chosen sustainability goals, such as fighting the effects of climate change. In mid-2021, the rating agency Scope reported that about one-quarter of the approximately 12,000 licensed funds in Germany were committed to various sustainability goals. However, greenwashing also is found among investment funds, even though this practice is increasingly combated. In February after an extensive examination, the analysis agency Morningstar eliminated more than one-quarter of the ESG funds from its sustainability list.

As the ESG-based investment funds are open-end funds, investors can sell their shares at any time. Many analyses have shown that in terms of return on investment, such sustainability funds are no longer inferior and sometimes may be superior to conventional funds.

In contrast, closed-end sustainability funds are usually established for special projects, for instance, the construction of a wind farm. The funds pool the capital of several investors to finance existing or planned wind power projects with a specific investment volume. Once the capital target is reached, the fund is closed. The term of a wind fund is typically between four and 10 years. The disadvantage is that the investor may not withdraw from closed-end funds during their term. →

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53,000,000,000,000

Sustainable assets are likely to exceed
USD 53 trillion worldwide by 2025.

Direct investments are often risky

INSTEAD OF MAKING A SUSTAINABLE INVESTMENT in ETFs or funds, investors can put their money directly into “green” companies. For example, they can buy shares in e-car manufacturers and thus support the trend toward e-mobility. By purchasing shares in Nel ASA, they push solutions for hydrogen production, which can accelerate the shift away from fossil fuels. A huge selection is available and the number of eligible companies is growing exponentially. Direct investment in a company means that the investor can decide precisely what should be financed with his or her money. Yet it also harbors greater risks. Unlike with most funds, the investor tends to invest in far fewer target companies. When one of the companies performs worse than expected, the impact on the investment portfolio is greater. The same pros and cons apply to corporate bonds, but in that case a loan is involved, not the purchase of shares in a company.

Giving startups a boost

Quite a number of startups offer promising solutions for today’s social and environmental problems. Since startups are young and therefore usually not listed, it is more difficult to become financially involved. That is, unless substantial financial resources can be put into venture capital funds that specialize in investing in startups. One

solution is crowdfunding platforms. They generally offer the chance to get involved with smaller investments that go toward buying shares in a startup or giving it a loan. The idea is to collect money from many people and then invest the larger amount in a young company. Many of these platforms, such as Companisto, offer investments in sustainable startups and support of a good cause along with a potential return. However, such an investment can be quite risky. If the startup fails, the money is lost. A rule of thumb is that only about one in 10 startups succeeds in the long run.

Today there are many ways to make “green” investments and to do so profitably. Their number is growing almost day by day. It is advisable to gather extensive information in advance about the benefits and the return on investment. After all, not every investment product that is advertised as “green” is in fact sustainable upon closer inspection, and not every promise of a return on investment is actually kept. ●

Even fairly small startups can be supported by crowdfunding. But be careful! Such an investment can be quite risky.

*The information provided here does not constitute investment advice or an investment recommendation.
Photo: Getty Images



EOS worldwide – we’re happy to help.

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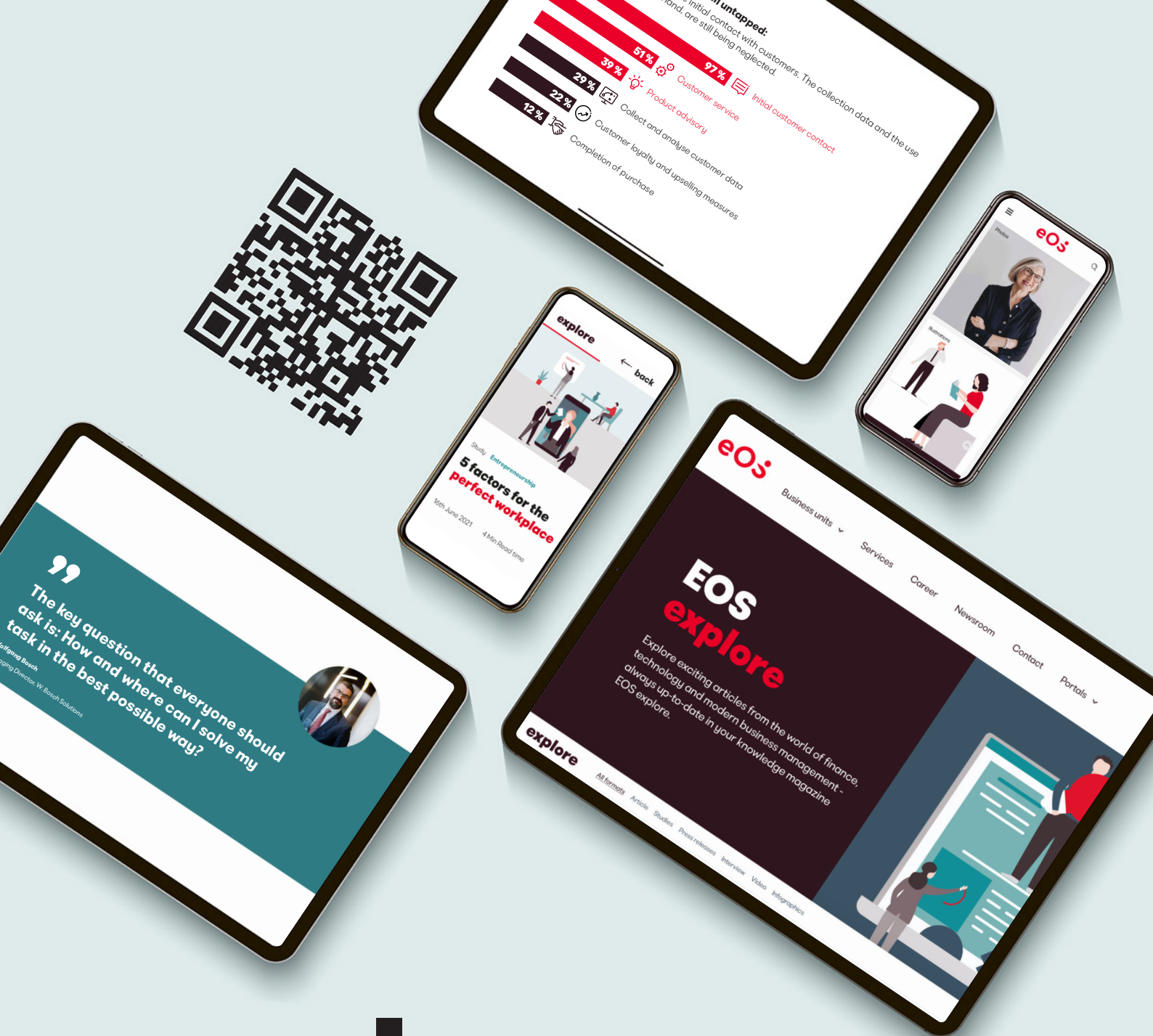
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explore more

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