

UKRAINIAN PROCESSING CENTER (UPC)

An NCR case study



UPC Delivers Payment Processing Services to Banks in Central and Eastern Europe Using Authentic from NCR

The customer

The Ukrainian Processing Center (UPC) is the largest independent payment processor in Ukraine. A member of the Raiffeisen banking group, it provides high quality support to more than 30 banks in Ukraine as well as a number of international customers in central and Eastern Europe, creating significant cost efficiencies for Raiffeisen's card business across the region. From its headquarters in Kiev, UPC manages more than 7,700 ATMs and nearly 60,000 POS terminals, and processes up to 60 million transactions every month.

The challenge

UPC provides a comprehensive range of services that include authorizing international and local card transactions, providing technical support for POS terminals, developing and managing ATM networks, and carrying out regional interbank clearing.



Within these broad categories however are a much more detailed array of services that reflect the rapidly changing payments landscape.

Sergey Vetrenko, Chief Operating Officer (COO) at UPC explains: "Our company's role has evolved over time as our customer demands have changed. A few years ago, no one was concerned about mobile banking, for example. Now it's one of the biggest concerns our customers have. We have responded to the adoption of EMV across Europe, changing fraud threats, and the demand from acquirers and issuers to use 3D-Secure in e-commerce transactions and we wanted to continue meeting those changing customer demands. Our problem was that our payments processing engine was no longer keeping pace."

UPC's legacy system had been in place for many years. During that period, the vendor had been through a number of mergers and acquisitions until support for the system was finally stopped.

Vetrenko says, "We effectively had a system without a vendor. We were able to support it ourselves for some time, but it was not an easy task. Developments in industry requirements certainly added to the pressure, but the biggest problem was that the system's underlying code was simply too old-fashioned and too inflexible. It was holding us back."

When UPC started its search for a new system, modern coding standards and protocols were one of its key criteria. "A platform built on object oriented principles is essential for a multi-faceted, responsive and constantly changing business such as ours. Of course, the built-in features and functions of a system are important but if the underlying flexibility in the architecture isn't there, then we can't respond to the next set of changes in the industry whatever they might be. Given the pace of change a system with limited flexibility would become obsolete even more quickly."

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Sergey Vetrenko, Chief Operating Officer (COO)



The Solution

UPC started to look for a new supplier that could offer an appropriately architected payments platform combined with a strong roadmap for future development and excellent vendor support. From a short-list of four it eventually selected Authentic from NCR. Built using Java and SOA-designed architecture from the ground up, Authentic offered the modern coding protocols and flexibility that UPC was looking for. Its message mapping component meant UPC would be able to build, configure and manage interfaces with a variety of diverse transaction streams and the different institutions among its customer base, as well as handling interfaces with the card networks, fraud detection and prevention services and other external systems.

Authentic's core design also meant that UPC would be able to define how individual transactions were to be processed at a highly granular level, and retain the ability to change those definitions over time.

"Authentic had the necessary features for ATM and POS processing, which of course is essential for us," says Vetrenko. "But what made it really attractive was how easy it would be to configure the system and make adjustments over time to existing services or add new channels or services. To get a solution fine-tuned to our business as it continues to change without calling in the vendor support team every time we needed to add new service."

Tests also showed that Authentic would be able to deliver the performance levels that UPC was looking for. "We were looking for 500 transactions per second (tps)," says Vetrenko. "Authentic gives us 100 transactions per second per core: an eight-core server like ours that's 800 tps easily in excess of our requirement."

Phased Implementation

UPC is taking a phased approach so that it can migrate all existing functions and client databases and manage risk.

With support from NCR's professional services team, UPC has completed the first of four clearly defined stages. Connections to Visa and MasterCard networks have been established alongside host-to-host connections between Authentic and UPC's legacy platform so that Authentic acts as a gateway to the card organizations.

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Why NCR?

NCR Corporation (NYSE: NCR) is the global leader in consumer transaction technologies, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables more than 550 million transactions daily across retail, financial, travel, hospitality, telecom and technology, and small business. NCR solutions run the everyday transactions that make your life easier.

NCR is headquartered in Duluth, Georgia with over 30,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries. The company encourages investors to visit its web site which is updated regularly with financial and other important information about NCR.

The next stage will be to connect to external hosts and POS devices, followed by the migration of issuer authentication away from the legacy platform to Authentic. At this point, UPC's customers will start to see the new functionality and benefit from UPC's enhanced ability to meet new requirements as they come to light and add new features quickly and easily.

The fourth and final stage will be to connect UPC's ATM networks to Authentic. At that point UPC will have a fully flexible payments platform capable of handling all key transaction functions across all channels, all payment types and all customers from a single solution.

"This is a critical project for us," concludes Vetrenko. "Authentic will play a vital role as we continue to develop our services to meet the demands from our clients and their customers in a fast-changing marketplace. Our team is already reporting that the new system is much easier to support, and we are looking forward to demonstrating what a truly modern, flexible and powerful payments platform can achieve for our business and the wider Raiffeisen Group."

Key highlights

- **Market:**
Independent payment processing in Central and Eastern Europe
- **Challenge:**
To continue providing a comprehensive range of retail payment and card processing services to a diverse and rapidly-changing customer base
- **Solution:**
Authentic, a modern, easily configurable payments platform from NCR
- **Results:**
A powerful, flexible solution being implemented in stages that is easy to support and enables UPC to meet future customer demands with confidence.

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