CUSCAL

An NCR case study

Cuscal selects NCR to bring payments processing in-house for full control over its product and service offering

NCR's Authentic and Fractals payment suite delivers a streamlined and future proof solution that is fit for purpose.

Introduction

Cuscal is Australia's leading provider of transactional banking, liquidity and capital management products to more than 100 specialist financial services institutions across Australia. As an Authorized Deposit-taking Institution (ADI) supervised by the Australian Prudential Regulation Authority (APRA), the company enjoys a reputation as a well-respected player in Australia's financial services landscape.

After being tied to a processor relationship for more than 20 years, Cuscal embarked on a bold and innovative technology project to regain control of its payments processing capabilities, bringing them in-house. This move came off the back of recent growth in Cuscal's rediATM alliance, which services more than 100 issuers servicing some 8 million cardholders in Australia. rediATM is the largest points-of-presence financial institution ATM network in Australia, comprising more than 3,000 ATMs. This includes 1,200 which are driven directly by Cuscal.

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– Craig Kennedy, Cuscal, Managing Director

Challenge

Cuscal recognized the need for a modern payments platform which could be used to service clients' needs and be quickly adapted to handle future requirements as they arise. Rather than being tied to a legacy platform provided by a third party processor, the company wished to increase the amount of control and flexibility it had to bring about product innovations or respond to regulatory direction, as required within the fast moving payments industry.

By bringing its processing in-house, Cuscal hoped to gain a technological advantage through being able to deliver change quickly and at significantly reduced cost to its clients. It was important that the new modern payments platform should be robust, highly performing and open to change using configuration rather than extensive programming. This openness needed to be an integral part of the platform's design.

A major challenge for the project was the identification of current operations and system functionality, as the previous service provider had heavily customized each client's processing rules over many years, with minimal documentation of this customization being available to Cuscal.

Many opportunities surfaced to streamline operations and functionality in order to reduce the overall complexity of the platform. Another significant challenge was the need to support a large number of different financial institutions; the payments platform needed to be integrated to a large number of back office systems.

The project also called for strong capabilities in payments routing, flexibility and migration planning in order to transfer processing across to the new system, in a phased approach, within a challenging timeframe.

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Solution

Cuscal turned to NCR for a modern, flexible payments technology solution that would allow the company to move its payments processing in-house. The payments suite is made up of two applications—the Authentic payments platform and Fractals, an advanced fraud detection engine.

Authentic is used to drive the Cuscal owned ATMs within the rediATM network, issue and process a large portfolio of scheme and proprietary debit cards, provide back office integration to a large number of banking host systems, and connect to the card schemes, and into the rest of the Australian payments industry.

Cuscal selected Authentic because it offers a modern, open system architecture which can run on the latest commodity hardware and software platforms. Authentic is an easily configured card authorization, routing and switching system that manages connections to payment systems, networks and devices and performs message transformation and routing between them. User-maintained configuration parameters define message formats, validation, transformation and intelligent routing based on business rules, without the need for expensive specialist programming.

With Authentic, Cuscal truly owns its payments platform and is able to independently control the future functionality of the system with reduced recourse to the system vendor. Authentic also delivers on stringent scalability and high availability goals set by Cuscal.

Cuscal deployed the application on Stratus fault tolerant hardware in two separate tier-three datacentres, and can provide industry-standard level of uptime service to its members. Tightly integrated with Authentic is Fractals, NCR's enterprise fraud detection solution, which is able to intelligently detect and block fraudulent transactions in flight, in real-time. This is a significant improvement over the previous level of fraud management, whereby suspect transactions could only be flagged for action post approval.

Fractals' market leading statistical modeling and self-learning capability offers more accurate fraud detection than neural network approaches. Throughout the Cuscal organisation, there is a strong guiding principle of getting it right first time rather than rushing into delivery. An emphasis, therefore, was given to careful analysis and documentation of the business requirements in order to facilitate a tightly run project. The two project teams worked in joint delivery mode based between NCR's delivery centre in Kuala Lumpur, Malaysia and the Cuscal HQ in Sydney, Australia.

Conclusion

Authentic is a secure, robust and future proof platform providing flexibility and shared cost benefits, giving Cuscal the means to strengthen its competitive edge and enhance the service it provides to its customers. Authentic is architected to be easy to configure and change, delivering Cuscal the agility that it needs to strengthen and maintain its own and its members' competitive edge.

"This is a critical project that strengthens Cuscal's competitive position in the regional payments market. The new systems will allow our customers to introduce innovative products to market, and respond to regulatory changes quickly and effectively. By collaborating with us as an independent and non-competitive third-party, challenger financial institutions can access the efficiencies and cost-benefits of scale that are ordinarily only available to the major banks," said Cuscal Managing Director, Craig Kennedy.

"We expect the rate of change in financial services only to increase into the future. Authentic and Fractals provide a robust foundation that will allow our customers to respond quickly and cost-effectively to either market demand to accommodate emerging new delivery channels such as smartphone devices, or regulatory requirements," he said.