

Liberty Bank Case Study:

Enabling innovation for a market leader

Goals

- to quickly build an in-house processing centre on a flexible, robust and scalable platform
- to have control over the entire card lifecycle
- to increase international reach
- to offer customers innovative products and services

Implementation

- the creation of, and migration to, an in-house processing centre, was carried out in just six months from contract signature to commercial launch

Results

- in-house processing centre achieved Visa certification in just one month
- one of the first banks in the Transcaucasia region to launch P2P card transfers via ATMs
- first bank in Georgia to be certified in acquiring UnionPay magnetic stripe cards;
- numerous successful projects completed, with more on the way

The client

Established in 2002, Liberty Bank (formerly People's Bank of Georgia) is the third largest bank in the country in terms of assets. The bank now has the largest customer service network in Georgia with over two million cards in circulation, approximately 540 branches, over 300 ATMs and more than 1,200 POS terminals.

Liberty Bank is one of the most innovative and forward-thinking banks in Georgia; open to utilising new technologies to provide its customers with the best products and services possible.

The challenge

In 2005, the bank won a national Government tender for the provision of state pensions and social benefits based on its already extensive service network with its national reach. Initially, the bank issued local magnetic stripe cards for pensioners (over 150,000 cards issued in total) whilst utilising the services of an off-site processing centre.

However, Liberty Bank had strategic plans to become a global player and therefore the need to offer comprehensive and consistent payment products was paramount. As a result, it was decided that all local cards would be replaced by Visa Electron cards and that the bank would set up an in-house processing centre of its own to service its bank cards.

Implementation

In September 2005, Liberty Bank received Principal Member status in Visa who subsequently announced the bank as its strategic partner in Georgia. By creating its own processing centre the bank was able to gain technological independence and assert complete control over the entire card lifecycle. The running of the aforementioned government project on a country-wide scale imposed high accountability on the management team and having an in-house processing centre assured complete control over an operation of this scale and credibility.

Liberty Bank looked at a number of potential vendors when considering who to partner with for the development of their in-house processing centre. According to Maiya Heladze, director of plastic cards at Liberty Bank, the decision was made in Compass Plus' favour due to the following factors; the chance for the bank's staff to be completely involved in the implementation process, the proven high speed of project implementation, Compass Plus Technologies' presence in the country with ProCredit Bank Georgia

and a reference from PrivatBank (the largest bank in Ukraine) citing the comprehensiveness, productivity and scalability of the Compass Plus Technologies product suite.

The implementation of the system and preparation for certification began shortly after the contracts were signed in November 2005. Certification of the new processing centre in Visa was carried out and completed during May 2006 and migration of the card business (270,000 cards, 67 ATMs and 150 POS terminals) from the off-site processing centre to the new in-house processing centre was completed in the same timeframe.

Results

The collaboration between the bank and the Compass Plus Technologies team made it possible to build and commercially launch the new processing centre in just six months. The Compass Plus team of specialists were highly praised by the bank and deservedly awarded its 'Partner of the Year 2006' title. In 2007, the bank demonstrated the scalable nature of the system issuing more than 600,000 cards, installing 150 ATMs and 1,000 POS terminals and offering its customers new, advanced services.

Describing their partnership with Compass Plus Technologies, the head of the processing centre at Liberty Bank, Zurab Gaprindashvili, said: *"The solutions that Compass Plus Technologies provided for our processing centre proved both multi-functional and flexible enough to tailor to any of the bank's requirements. One of the especially interesting functionalities is the ability to manage attributes of a transaction at any given stage (courtesy of Compass Plus' Algorithmix solution). The scalable architecture of the Compass Plus suite allows for increases in the system's productivity without significant expenditure on hardware. Compass Plus has built a good support system for its clients, which makes it possible for the most complex problems to be solved rapidly and professionally whilst taking into account the opinions and needs of their clients. The company's staff are always ready to assist us with the introduction of new program modules and solutions."*

Liberty Bank continued to systematically develop its card business and in 2007, it became certified with Visa for issuing EMV cards. In 2008, Liberty Bank successfully completed Merchant Plug-In certification for Verified by Visa, to ensure the security of electronic transactions made over the Internet based on 3D Secure technology.

In the same year Liberty Bank became one of the first banks in the Transcaucasia region to launch P2P card transfers, enabling customers to carry out money transfers from one Visa card to another conveniently and securely. This new service is available 24/7 at any Liberty Bank ATM.

Continued successful partnership

In 2009, Liberty Bank became the first bank in the CEMEA region to offer Visa payWave contactless cards. The bank's first payWave project was with the pharmacy chain, PSP, where 140 branches were equipped with Liberty Bank POS terminals. With the introduction of Visa payWave cards into the country, Liberty Bank helped make this contactless technology part of everyday life: enabling customers to pay for goods and services quickly and conveniently. Equipped with MIFARE contactless smartcard technology, these cards can be used on public transport, in schools, universities, fast food chains and many other establishments in Georgia as well as abroad. Whilst Compass Plus' platform met Visa payWave requirements, Compass Plus Technologies helped Liberty Bank gain certification in the payment system by providing technical support and facilitating the issuing and acquiring of these Visa cards with the creation of a contactless interface.

The bank completed the certification of its processing centre in Mastercard (issuing and acquiring, to include EMV cards) receiving Principal Member status and certification for M/Chip in 2010. Becoming certified in Mastercard enabled Liberty Bank to offer a new range of products and supply new services to the market, as well as offer its sponsored banks the same opportunity. In December 2011, Liberty Bank achieved PCI DSS compliance

In 2012, the bank became the first in Georgia certified in acquiring UnionPay magnetic stripe cards. The bank has since been certified in EMV acquiring and e-Commerce acquiring for the international payment system.

Also in 2012, to meet the security requirements of international payment systems, Liberty Bank implemented Compass Plus' fraud management system, which efficiently monitors, alerts and acts in response to suspicious actions of various system user groups based on customisable pre-defined rules. Within this timeframe the bank also embarked on an IT infrastructure optimisation project with help from Compass Plus. At the end of 2013, Liberty Bank signed an issuing and acquiring agreement with payfair and is now integrating the method of payment.

The partnership continues to expand and Compass Plus and Liberty Bank have a number of additional projects in the pipeline, including plans to implement EMV card issuing for UnionPay.