

# Trade and Development Bank of Mongolia Case Study:

## Step by step to leadership in business

### Goals

- to put a new card management solution into action and to implement a processing centre on time and within budget
- to increase positioning within the market by providing customers with advanced and innovative products
- to attain Visa Principal Member status for issuing and acquiring of magnetic stripe cards

### Implementation

- processing centre was launched and went fully operational four months from signing the contracts
- entire project, including scoping study, installation, project documentation, training, certification with Visa and issuance of the first international payment card occurred within this time frame
- Compass Plus Technologies coordinated all hardware deliveries and installations and delivered a “turn-key” solution for the processing centre

### Results

- principal Member status not only in Visa but also in Mastercard and JCB
- ability to actively and quickly develop unique agent programs
- Visa recognition awarded for the fastest in-house processing centre implementation in Asia and nomination for “Outstanding Market Performance”;
- provision of cutting-edge products to customers
- leading commercial bank in Mongolia

### The client

The Trade and Development Bank of Mongolia is a leading banking and financial services provider, offering a wide range of corporate and retail banking services, including large corporate, SME and retail lending, deposit taking, trade finance, remittance, cash management, treasury, foreign exchange and investment banking services. As the longest-serving bank in Mongolia, having commenced banking operations in 1990, the bank acts as primary lender to most of the country's leading corporations as well as foreign corporations and foreign representative offices across all major industrial and commercial sectors with a constantly innovating range of universal banking products and services.

### Project implementation

In May 2001, the bank met with representatives from Compass Plus Technologies to discuss the possibility of working together to provide TDB with a new card management solution. The meeting was a success and Compass Plus Technologies offered their solutions for building the bank's own processing centre. One of the key project requirements set by the bank was to attain Visa Principal Member status for issuing and acquiring of magnetic stripe cards. Compass Plus also undertook the responsibility for the co-ordination of hardware deliveries and eventually delivering a “turn-key” solution for the processing centre, all of which required close cooperation with regional partners specialising in the production and delivery of hardware.

The fully operational processing centre was launched in just four months from the date of signing the contract. During this period Compass Plus carried out a scoping study, developed a full set of project documentation, ran training courses for the bank staff, installed the software products, certified the bank in Visa for issuing and acquiring programs for magnetic stripe cards, enabled the bank to commence issuing cards and to process the first transactions in their own ATM network. One of the first people to receive a TDB international payment card was Mr. Bagabandi, the then incumbent President of Mongolia.

## The solution

In February 2002, Visa awarded TDB recognition for the fastest in-house processing centre implementation in Asia. In January 2003, Visa Asia awarded the bank again with the “Outstanding Marketing Performance” nomination for success in the development of an acquiring network and the expansion of the customer database (primarily owing to the salary projects based on the Visa Domestic cards).

The bank highly praised Compass Plus Technologies staff for their efficiency and the quality of software products: *“During the cooperation with our bank, the company and its software products have proven their high quality. The partnership with Compass Plus Technologies allows our bank to solve various tasks in the shortest periods of time with the highest quality of results”*

- B.Batkhuu, Chief Operation Officer (2003).

The Trade and Development Bank of Mongolia continues to increase the capabilities of its processing centre through developing and enhancing its functionality. The bank was the first in the region to certify the MPI acquiring application and to support 3D Secure technology based on Compass Plus' e-commerce software designed for payments via the internet. The bank was also the first to initiate sales of prepaid products via its ATMs (technology that replaced mobile operator and internet provider scratch-cards) and has implemented many other innovative projects. In 2006, TDB continued to develop its card business by implementing Compass Plus' fraud management system and becoming one of the first financial institutions in the region to commence the migration of Mastercard issuing and acquiring to the Mastercard Global platform.

In 2007, TDB and Compass Plus embarked on a project to implement and support the acquiring of payment cards issued under Japan's payment system JCB. In order to accomplish this Compass Plus has developed an appropriate interface to the payment system. As a result, at the beginning of 2009, the bank received an exclusive franchise from JCB in order to develop agent programs.



Providing its customers with cutting-edge products propelled TDB to the position of the leading commercial bank in Mongolia. A widespread network of terminals, the broad functionality offered by the processing centre, its status as a Principal Member in Visa, Mastercard and JCB allow the bank to actively and quickly develop agent programs. The agent programs offered by the bank are quite unique as they offer full outsourcing to the agent banks, thus allowing these banks to cut investments in their own card infrastructure when a bank operates on a smaller card issuance scale. In turn, TDB gains extra profit through providing its infrastructure and additional services. TDB's resources spent on the support of both existing and new agent banks, among which are the four largest local banks, are maintained at the same level. This became possible due to the fact that the banks using the outsourcing services are provided with secure remote access to their own customer database (with restricted access rights) and to the resources of the processing centre, allowing the agent banks to perform most of their administrative operations using their own resources.

The Trade and Development Bank of Mongolia was Compass Plus' first customer in the region. The projects' successful implementation served as an example for other regional banks and encouraged new clients in both Mongolia and Asia. Currently, Compass Plus provides services to the three largest banks in Mongolia: TDB, Saving Bank of Mongolia and Mongol Post Bank. A further four Mongolian banks use its facilities through outsourcing from TDB: Anod Bank, Ulaanbaatar City Bank, Erel Bank and Capital Bank. Furthermore, a number of banks throughout the region use the TDB processing centre facilities for transaction switching into international payment systems.

Compass Plus is therefore the principal supplier of software solutions for banks and processing centres within the Mongolian market.