

Tinkoff. Credit Systems Bank: Russia's first credit card mono line

Seized a market opportunity in a country dominated by debit cards to rapidly build a credit card portfolio with 2 million cards using TSYS' PRIME solution.



Tinkoff. Credit Systems

How do you build a branchless, virtual network from the ground up to become a leading issuer of premium credit card products in the largest country in the world?

In Tinkoff. Credit Systems Bank's case, they chose TSYS.

- > **Client:** Tinkoff. Credit Systems Bank
- > **Challenge:** Needed a flexible partner to establish the first credit card mono line business in Russia
- > **Solution:** TSYS PRIME
- > **Outcome:** Became the country's fourth-largest credit card issuer with a growing market share

THE CHALLENGE

Moscow's Tinkoff. Credit Systems Bank (TCS) was founded in 2007 with the goal of becoming Russia's first pure credit card lending institution. TCS realised that in order to succeed in this new market it would need to quickly create competitive, premium-quality card products, aggressively expand its portfolio, minimise transactions-per-card processing costs and, in the absence of any branches, drive dynamic direct marketing campaigns and provide the best possible customer experience.

THE STRATEGY

From the outset, TCS focused on the mass-market, aiming to target regional customers in under-served and under-banked parts of Russia, with premium-brand products offering a strong customer value proposition and high quality of service. It sought to achieve this by adopting a business model that maintained a low-cost 'branchless' network and outsourced business functions wherever feasible. It would use direct mail and the Internet as primary acquisition channels and retain primary focus on credit card acquisition and servicing to ensure efficiency and profitability.

With these strategic goals in mind, TCS sought an end-to-end technology solution able to support scalable growth with speed and flexibility. It turned to TSYS, one of the world's largest payment-services companies. TSYS had had a presence in Russia since 1991, when Card Tech Ltd. (a company acquired by TSYS in 2006) helped launch the first locally-issued payment card.

TSYS' PRIME card and merchant management solution had an extensive footprint throughout CIS, Europe, the Middle East, Africa and Asia with a proven track record in the market dating back to 1995. This solution has been deployed by more than 130 clients in more than 70 countries.

PRIME offered the necessary flexibility and ease of use, backed by renowned speed-to-market capabilities, to help TCS launch highly differentiated card product offerings whilst minimizing transactions-per-card process costs. PRIME's robust, scalable, single platform solution integrated online authorisation and switching, fraud detection and risk management. Its built-in dispute and chargeback handling, backed by extensive workflow capabilities, would help TCS to increase operational efficiency and drive down costs.

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In 2007, TCS signed an agreement to licence PRIME and engaged with TSYS in requirements gathering, an agreed Project Development Plan (PDP), a 4-month development and Quality Assurance (QA) period and installation, configuration, User Acceptance Testing (UAT) and certification. After a two-month Live Pilot Support phase, the PRIME implementation went live — a total delivery time of just 6 months.

Three years after this successful deployment, TCS took the decision to upgrade its PRIME 3 solution to PRIME 4 and take advantage of a number of future-proofing enhancements that would serve to support the bank's continuing expansion targets.

PRIME 4's integrated fraud solution featured the added advantage of real-time fraud detection at the point of authorisation and a new case management capability that offered user-defined flow and management of cases such as disputes in a single, Web-enabled environment. Together, these benefits would help TCS to significantly reduce its costs of risk and dispute management.

"One of the reasons we chose TSYS is because it is not just another technology vendor. The TSYS culture is about achievement of mutual goals through close cooperation. It adopts a partnership approach, so it was very responsive to what we needed to achieve our goals," said Anatoly Makeshin, vice-president of Tinkoff. Credit Systems Bank

PRIME 4 also offered performance increases with the introduction of improved Oracle® functionality that enabled near linear scalability. If performance availability issues were caused by increasing user traffic, they could be contained by simply adding further servers to the cluster when the network's load increased beyond the existing servers' capabilities.

TCS also chose to leverage the new PRIME Accounting capability for CIS, which brings a range of accounting functionalities to PRIME 4 and enables users to maintain detailed information about multiple card and merchant accounts in accordance with mandatory reporting requirements. In addition, the bank benefited from PRIME 4's greatly enhanced alerts functionality which uses the built-in notification service to send statements, authorisation requests, transaction information and overdue account notifications to various channels such as mobile phones and email accounts.

SUCCESS STORY

Spurred by the success of its fast-growing credit card portfolio and the management solution supporting it, TCS became the first TSYS client in the CIS region to migrate its cards portfolio to TSYS PRIME 4.

The migration project began in January 2011 with a TSYS team dedicated to providing TCS with a smooth conversion by using a pro-active migration approach focusing on thorough business analysis, up-front knowledge transfer and product development.

Major milestones in the conversion of more than 1.5 million credit cards to the new platform involved a database transfer from Oracle 9i to Oracle 11g, MasterCard® certification for M/Chip™ and PayPass™ contactless deployment, interface development for PRIME 4's SMS module and UAT.

After 8 months, the project went live with 2 million MasterCard-branded Tinkoff Platinum credit cards and a suite of co-branded loyalty cards with several leading Russian social network, airline and book catalogue companies.

TCS used PRIME's scalable, end-to-end card operating platform to handle customer acquisitions, servicing and payment collections, supported by its in-house call centre handling customer enquiries, card activations and collections.

"The team spirit between our organisations has been very positive and has helped our partnership develop. The world-renowned PRIME technology has supported our business development strategy every step of the way," said Oliver Hughes, president of Tinkoff. Credit Systems Bank.

Kelley C. Knutson, executive vice president of TSYS International, said "We were fortunate to be able draw on our extensive experience over the years to help TCS make this process as smooth as possible. Our partnership approach serves to reassure our clients we will always strive for service excellence in our ongoing relationships."

"TCS is committed to leveraging technology to quickly and effectively offer new products while consistently improving existing ones. PRIME 4's increased power, efficiency and security is the perfect fit for our expansion strategy," said Anatoly Makeshin, vice-president of Tinkoff. Credit Systems Bank.

Tinkoff. Credit Systems Bank remains Russia's only pure credit card lending institution, issuing premium credit card products to customers in all of Russia's regions. It took only four years for Tinkoff to become the country's fourth-largest credit card issuer with a growing 6 percent market share.

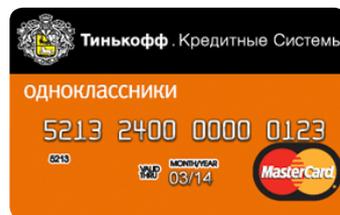
TO LEARN MORE

To learn more about TSYS PRIME contact us at +7 495 287 3800 or sales@tsys.com. You can also visit us at www.tsys.com.



Tinkoff Platinum

Tinkoff Platinum is a product of Tinkoff. Credit Systems Bank. With a credit grace period of up to 55 days, the bank has issued more than 2 million Tinkoff Platinum credit cards.



Tinkoff Odnoklassniki

This loyalty credit card with individual design was launched in March 2011 in cooperation with social network Odnoklassniki (Classmates), which outstrips Facebook in Russia by number of users. Clients get one OK (internal currency in the social network) for every 100 roubles spent from the card for purchases.



Letaut Vse

Tinkoff Credit Systems and Sky Express airline offer a unique product for airline passengers. Only with the Letaut Vse credit card can customers earn bonus points redeemable for free flights on Sky Express.



Tinkoff Mir knigi

This gold credit card programme was launched for the clients of Mir knigi (The world of books) catalogue company.

GET TO KNOW TSYS

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