Cadencie™ Case Study
Case Study 1: ASB Bank

ASB Bank boosts service and profit with an integrated card management system

ASB Bank - a leading New Zealand trading bank - is a foundation client of GFG Group. As a customer and a development partner of Cadencie, as well as GFG’s loyalty solution, GFG:Loyalty.

The relationship began more than 19 years ago, following a major review by ASB Bank of its card operations. The bank’s objective was to respond faster to market conditions, changing competitor pressures and improved customer service.

Nearly 20 years on ASB continues to lead the way in the New Zealand market with customer focused card and acquiring executions delivered at a low cost.

ASB Banks card and acquiring offering has changed significantly and today covers:

- A full range of Visa and MasterCard credit cards including standard and upscale platinum cards – GFG’s solutions are capable of issuing the complete variety of consumer credit and debit cards to be delivered in a real time situation
- Commercial and business cards – the ASB Bank Commercial and Business Cards are geared to large and SME profile business and enable individual and company needs to be delivered
- Full EMV for issuing and acquiring – and important development for ASB Bank has been the delivery of full EMV issuing and acquiring which supports full PIN at point of sale and allows the complete use of credit and fraud tools
- Multi institutional and multi issuer capability – the flexibility ASB Bank enjoys by using GFG’s Card Management Solution is demonstrated fully by the use of the Multi Institution capability which also allows multi issuer and multi lingual options. New institutions and new issuers can be added without significant changes and this ensure quick rollouts and little if any in the way of tailored changes
- Online Direct banking – ASB Bank supports the card issuing and online banking services in a totally integrated way allowing real time updates and fully supporting all functions
- Loyalty program module – ASB Bank has evolved and developed its loyalty approach and today has a rich reward and loyalty program which allows ASB customers to reclaim rewards instantly and complement cash with rewards. GFG’s loyalty module fully supports ASB Banks retail loyalty program
- Link to real time switch – GFG’s card solution is fully integrated with ASB Banks real time fault tolerant switch allowing real time updates and most importantly accurate timely customer data for all customer service functions
- Links to mobile banking – ASB Banks mobile payments platform Pago is linked to its cards solution and allows full functional support across the retail bank
- Links with internal interfaces – an important feature of GFG’s card solution is the real time links and feeds to other key bank infrastructure and components. Such as the Retail Banking system, CRM, General Ledger, statement production, card issuance and merchant activation are all examples of links required. The automation of these links and the ability to quickly build new interfaces is a key benefit of GFG’s full payment solutions

A key strength of Cadencie is online, real-time processing and the ability of ASB Bank users to make customer changes to card processing and other user actions immediately on site, which saves time and money.

Cadencie now processes more than eight consumer credit card products, commercial cards and cobranded cards for ASB. All ASB bank merchants are on the system, and ASB offers a bureau service to four other institutions by capitalising on Cadencie’s multi-institution feature.

ASB Bank and GFG also built Loyalty Bank, which was custom-built by GFG and branded ‘True Rewards’. Today, the True Rewards service is seen as one of the most popular ASB Bank services.
Case Study 2: Bendigo Bank
Acquiring Payment solutions you can bank on

The GFG Group combination of products and industry expertise have cut Bendigo Bank’s back office costs and helped make its MasterCard, Visa and merchant acquiring business move into profit.

The GFG Group relationship with Bendigo has been in place for over 8 years, commencing soon after the bank had moved to become a full participant in the Australian credit card business, and hard on the heels of a successful national expansion. Merchant acquisition had grown increased dramatically by 50% in one year.

Bendigo needed a merchant acquiring system to support its rapid growth in the marketplace - without requiring it to ramp up its internal expertise. The bank was looking for vendors to help it realise these ambitious plans without damaging its reputation for excellent customer service.

The launch project for GFG and Bendigo, was back-office credit card clearing and settlement for the bank’s MasterCard product launch. MasterCard itself did not offer a full, standalone product suitable for smaller operations.

"MasterCard offered an internet-based solution that required the member to provide additional applications to manage the flow of daily interchange files delivered across the internet," says Greg Devlin, Chief Manager Card Division, Bendigo Bank.

"What GFG had was effectively an off-the-shelf acquiring product, and this was key in us being able to participate in MasterCard. There are very strong compliance issues surrounding Visa and MasterCard, with regular release schedules which are partly to do with security and partly to do with efficiency and functionality additions," he points out. “But it’s very costly for smaller organisations that don’t have the luxury of having specific people to deal with the credit card companies.”

"We found it a big advantage that GFG had already deployed the system with another bank, and we were able to draw on their expertise and experience. The result is that we now have a very profitable business.”

Greg Devlin, Chief Manager Card Division, Bendigo Bank.

Bendigo Bank was able to harness the GFG Group product-specific knowledge and have them take care of the compliance issues on their behalf. The bank was able to stay release-current, did not have to bring onboard expensive, additional expertise and reaped benefits that could not be gained from inhouse or ‘generalist’ service providers.

In a second project GFG helped Bendigo with its Visa card back-office and settlement system. Historically, these had been processed on their behalf by CashCard. “The GFG capabilities assisted Bendigo Bank in bringing Visa in house,” says Devlin. “This gave us self-reliance, and reduced the huge expense from the other vendor. GFG played a key role our broader strategy to become an acquirer of transactions in our own right. Today, we’re a fully-fledged merchant acquirer.”
Not only that, but GFG was able to deliver each of its projects well within Bendigo’s demanding timeframes. “We delivered the whole inhouse solution in about three months. They all came in on time - the MasterCard project we did in two months, the Visa project and the merchant settlement project each took around three months. They were aggressive timeframes, but it all worked out well, and a lot of that is thanks to GFG.”

A future-facing alliance
Devlin says the biggest challenge for banks implementing transactional systems is the requirement for ever shorter response times out to the marketplace. “When you’re a smaller player, nimbleness is important to you, because that’s your competitive advantage over the big guys.”

In GFG Group, Devlin believes, Bendigo Bank has found the alliance partnership it was looking for. The relationship the bank has cemented with GFG will enable it to become even more agile and proactive in its future growth - and GFG’s rapid response gives Bendigo an edge over the bigger industry players.

“You need to have a very close, personalised working relationship with these kinds of vendors,” says Devlin. “We’ve certainly found GFG to be very responsive to work with, and that’s very important to us.”

Merchant cost-effectiveness
Using Cadencie’s merchant subsystem, GFG also brought inhouse Bendigo’s extensive and growing merchant settlement system in-house. Until then, it had been processed on their behalf by St George Bank. The bank needed a cost-effective merchant management system with a high level of control to provide a premier service to its customers.

Bendigo Bank undertook formal competitor analysis of outsourced services and in house applications, followed by requests for proposals. “We looked at two outsourced and two in sourced merchant systems,” Devlin says, “and Cadencie won hands down.”

The merchant management system GFG offered Bendigo met most of the bank’s needs. “The pricing was right, which was very important. It was a good solution for smaller organisations like this. Most of them are mainframe systems with big support and maintenance overheads. GFG had the track record and, importantly, was locally available. Having a team we knew we could get to in our own time zone was important to us.”

“We got it down to two fairly good outsourced solutions that we’d whittled-down from six or seven responses, but there were a number of issues. Both had very good features, but they were way too expensive. And there were some concerns about support and how that would work, given our very hands-on, personalised approach - we weren’t comfortable that we were going to get the best results.”

Devlin had no such concerns about GFG’s Cadencie. “GFG’s merchant module was up and running at a New Zealand site, ASB Bank, and I was very familiar with ASB’s operations. I knew they ran a good shop and that Cadencie was the engine driving it. We found it was a big advantage that GFG had already deployed the system with another bank, and we were able to draw on their expertise and experience. The result is that we now have a very profitable business.”

Measuring success
Bendigo’s third-party merchant settlement arrangement had been running somewhere between break-even and a loss. However, Devlin’s decision to bring merchant settlement inhouse and to choose GFG as the provider produced some startling results.

“I put forward a three-year business case to our executive team which projected payback within the first year. In reality, we paid for the project within 12 weeks of going live.”
Case Study 3: FBME Card Services

Highly specialised and personalised card services for upscale global customers

FBME Card Services targets upscale customers with highly tailored banking products and services including card products using GFG’s card solution Cadencie. FBME as an International Bank offering high levels of service and flexibility requires great flexibility from all of its technology providers.

FBME’s card strategy seeks to extend its retail bank products and drive business in its own right. It is bold – in part because its owner is predominately a trade finance bank rather than retail bank. It seeks to get the maximise card opportunities and uses the ‘multi’ dimensions of Cadencie with zeal.

From its Nicosia base, FBME services international upscale clients and corporate who fit its client profile. FBME has a growing international client card base across 200 countries with over 20 languages supported by its call centres.

Its Core card issuing product covers six currencies with the number expanding to meet new opportunities. While many card management systems would be challenged by these demands, Cadencie is specifically designed to be multi issuer, multi acquirer, multi currency and multilingual. Its modern design allows the launch of new products up to 55 percent faster – an important selling point for a bank that has built a reputation on delivering innovative, customised products and services.

FBME’s CEO Guy El Khoury said that rather than sell across such a vast geographical spread, “Most of the customers actually find us. We have a reputation for being a high customer service, low volume type merchant bank/private bank. Some want the standard product but many come to us for a customised card product – including co-branding and affinity schemes.

Multi-Institution
FBME Card Service (CS) uses many of the features of Cadencie to drive its acquisition strategy. It uses multi-institution processing to provide card services offerings to its parent bank in Tanzania and to distinct other banks overseas within the group in either retail banking, merchant banking or trade finance. It has a deal to provide MasterCard partner services as a third party processor within the EU.

FMBECS is using the multi-institution capability to drive a new source of revenue for the card service operation. It takes advantage of the Cadencie features to match the diversity of the operational needs each institution requires.

Charge card & debit drive business
FBMECS primary customers use charge card, with increasing interest in debit and prepaid. The business started with a secured deposit charge card operating as a deferred debit facility because it made sense to the customers and to FBMECS, given the realities of customers’ actual needs and geographical spread making credit checks and collections challenging.
Case Study 3: FBME Card Services  ...continued

Taking control
FBMECS had previously depended on an outsourced card management service and had to develop extensive front-end systems to provide the special features it wanted. It recognised that it needed integration through a high service card authorisation and card management system.

It required a real-time solution capable of processing multiple banks in different time zones, currencies and languages on the one instance of the software – all while maintaining the security and integrity of customer information. FBMECS selected GFG Group to partner with and implement its Card Management system after a rigorous international study of alternative solutions.

El Khoury says that with Cadencie they are now experiencing more control, more choices and more control over their destiny. He sees the relationship with GFG Group as what he wanted – “we feel much more in control than before”. And this is one of the reasons why FBME “likes to deal with only a very select amount of partners because we like to feel more in control of our business and our destination. One of the advantages of all this is that we can move very quickly.”

e-Commerce
El Khoury explains that they had predicted the next major trend and wanted a system that could cope. That trend is a complete seamless integration between the Internet and the real world, giving a payment tool for both the online and traditional commercial transaction environments.

With the Internet, FBMECS issues clients with an actual card and makes it possible for the customer to manage as much of their own card accounts in self-service. For some clients there is a closed-loop environment for Internet purchases while for others the e-Commerce is even further extended.

FBMECS will be offering the merchant acquiring features of Cadencie to existing specific high value clients of the bank rather than broadly going out to retail merchants en masse.

As for competitive advantage, El Khoury as CEO sees quality as the central point. “You aim for the highest standard you can set yourself and let the market around you catch up.” He believes with the GFG partnership he is getting close to the standard he seeks.

FBMECS Business Profile
FBMECS prides itself on pioneering, innovative tailor-made banking solutions, coupled with excellent personalised customer service. The company comes from an experienced and progressive financial heritage steeped in providing international banking expertise and solutions to its customers since 1983.

FBMECS is committed to improving the customer’s business experience through innovative services, personalised customer care and sustained growth. “We firmly believe that a good bank is one that makes you feel special. We put this axiom at the forefront of our daily activities - at FBMECS, we take your business personally.”  www.fbme.com
About GFG Group

Accredited by the World Bank, GFG Group is a company of banking experts specialising in payments. More than 20 years of payments experience stands behind the company’s worldwide leadership in integrated Card and Mobile-based payment products.

GFG’s solutions are based on a single, integrated architecture comprising three key products:

Simfonie™
A proven, market-leading product which enables a mobile phone to operate as a fully mobile payment device.

Cadencie™
A full-function, real-time, credit, debit and charge card management system.

Payment Tools - ATM and POS Utility testing applications
The company’s core research and development team is based in Auckland, with consultants and technical staff located in the international offices to provide front line 24 x 7 support for customers in multiple geographies.

Further information

GFG Group operates from offices in Auckland New Zealand, Melbourne Australia, Manila, Singapore and Dubai.

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