



Major Bank Unveils Unique Payment Platform that Encourages Customer Loyalty

Alacriti helps bring complex payment solution to market quickly, giving one of the world's top financial services organizations a decisive competitive advantage

❖ Industry Background and Business Dynamics

In an era when plastic has become the payment method of choice for most consumers, market-leading banks are scrambling to develop innovative payment processing solutions for their merchant customers. More and more consumers are using debit cards to pay for goods and services, and they are flocking to stores that offer unique rewards and loyalty programs. Consumers like rewards that can be accrued through simple, everyday purchases. Additionally, studies show that customers who receive rewards as they enter a store tend to return more often, spend more money per visit and buy more items.

Retailers typically offer both merchant-branded credit cards and a variety of loyalty programs to enable consumers to obtain discounts and accrue rewards. However it is inconvenient for consumers to carry unique credit cards, rewards certificates, loyalty cards and coupons from each retailer.

❖ Introducing OptiPaySM

One of the world's largest banking and financial services organizations is responding to these business dynamics with a new type of payment platform that combines the best functions of credit, debit, stored-value and loyalty/rewards cards into a versatile merchant solution called OptiPaySM.

Retailers that use OptiPay can give their customers a single card to accumulate rewards and pay for purchases in any manner of their choosing, credit, debit or accumulated value. Customers can use OptiPay cards as pin-based debit cards and pay from their existing bank accounts, resulting in lower transaction fees for merchants. OptiPay continually accesses loyalty-earned balances and includes a Web-based interface so customers can view balances, review transaction histories and initiate funds-transfers from their accumulated value accounts into their bank accounts.

OptiPay makes it easy for consumers to accrue rewards so they are likely to come back to the same store rather than shopping at competing merchants. OptiPay also increases in-store sales by leveraging individualized purchase histories and shopping preferences, so retailers can offer personalized rewards to their cardholders.

Retailers use OptiPay to create or enhance loyalty/rewards programs without making changes to front-end point-of-sale systems or back-end payment processes. OptiPay pin-based multi-tender cards enable retailers to reduce costs, increase sales and improve customer loyalty while offering exceptional convenience, security, flexibility and rewards to their customers.

❖ Rapid Rollout Delivers First-to-Market Advantage

This market-leading bank wanted to develop OptiPay quickly yet ensure that it was scalable, flexible and technically robust. They asked Alacriti for assistance. Alacriti spearheaded the design, development and implementation of the accumulated value platform, a core component of the OptiPay environment.



Alacriti worked closely with the bank's internal technology and business teams in association with Tempo Payments and Concept Shopping. The bank took advantage of Alacriti's seasoned development organization, which has offices in the United States and India. Alacriti's role in the project included the following:

- Gather and analyze the business requirements
- Define and document the functional specifications
- Build a prototype of the proposed system
- Technical project management
- Systems architecture and design
- Development, testing and implementation
- Ongoing 24/7 production support, maintenance and enhancements

The OptiPay accumulated value platform was developed using technologies such as Java, J2EE, EJB, JSP, XML and Oracle PL/SQL. Security features were implemented using SSL, PGP, TRIPLE DES and nCipher HSM (Hardware security module). The core components of the solution include:

- A secure, PCI-compliant PIN management module
- A robust stored-value transaction processing engine
- ISO8583 real-time authorization interface into Tempo Systems
- Fraud and risk management engine
- Plug-in XML based Web API framework that supports customer-centric features such as the ability to view accumulated value balances and transaction histories as well as initiate funds transfers from accumulated value accounts into bank accounts or designated charities
- Accounting, settlement, fee and reconciliation module
- A web based customer service application that enables customer service representatives to look up customer profiles, view account balances, and edit or cancel transactions on behalf of customers
- A reporting module that generates a variety of daily, monthly and weekly reports

OptiPaySM in Action

In September of 2007, the bank and CVS began testing the new card at 141 CVS stores in the Indianapolis area. OptiPay links CVS customers' checking accounts into their CVS ExtraCare accounts, a CVS-loyalty program. During 2008, the bank is extending the card program to more than 200,000 locations.

In October of 2007, the bank announced an agreement with a major supermarket chain in the New York region. This customer is leveraging OptiPay to create a new loyalty offering that combines participating customers' debit cards with a new Advantage Club card. This unique loyalty rewards program enhances the supermarket's existing rewards card with the addition of a decoupled PIN based debit card. A pilot launch is underway.

The bank now has a powerful solution for helping merchant retailers accept payments in a variety of forms, with direct integration into their loyalty/rewards programs. Early adopters say the biggest advantages come from offering new incentives to their end customers, as well as from the reduced costs associated with processing debit card transactions.