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Our cards and digital payments expert, Marco Pozzo, shares his thoughts on innovation and explains how advanced technology delivered in the cloud can provide issuers with an excellent way to overcome legacy limitations and boost their agility in a competitive and rapidly evolving market.

He explains the importance of adopting a customer-focused and customized approach to issuing and how PaaS can offer a truly liberating and enabling model.

Making Issuing easier and more flexible than ever before

Issuers are today being called upon to innovate to meet the needs of a rapidly evolving market, while struggling with ever decreasing margins as competition increases and interchange fees shrink.

Both in Europe and the Americas card transactions are increasingly used to make various types of purchases. This phenomenon drives banking operators and new players in the payments world to launch new types of payment card products, both physical and virtual, as a way to acquire new customers, often with highly targeted offerings.

What Issuing is and how it works

Behind these new card propositions on the market there is the world of Issuing: this term refers to the many processes that need to be in place to enable a financial institution or PSP to issue cards and manage their distribution in the market, as well as having all the functionalities necessary to manage the entire lifecycle of the payment card. In concrete terms, Issuing also means allowing these operators to define a card product in detail, that is, to attribute all the desired features, defining the individual characteristics with which to go out into the market.



TAS Group solutions allow you to configure these products and get them quickly out into the market, also providing all the necessary tools for managing subsequent aspects and activities such as changing the spending limit or blocking the card, sending the PIN online or via the telephone, the virtualization of the card for use from smartphones, the activation of new services, and much more.

The new issues to be addressed

Even the world of issuing, these days, is faced with the need for important technological innovation to allow banks and issuers to keep up with the unprecedented pace of change in the market.



Having been around for over 30 years, it naturally follows then that banks and issuers often use very dated custom-built, in-house legacy systems for issuing cards (often based on mainframe technology), a factor that impedes time to market and leads to high costs, as well as complexity when it comes to performing regulatory changes. Additionally, especially for those who fully outsource operations to processors or service centers, there can be a poor capacity to differentiate offerings and reduced control over their go-to-market model. This, as mentioned earlier, is all set against a backdrop of increasingly fierce competition, with new players, coming from outside the traditional banking world. These new entrants are able to offer cards and digital wallets at very competitive prices and deliver a user experience that is highly appreciated by consumers and customers alike.

So how can you innovate? A temptation may be to turn to the new Fintech players who have latest generation Card Issuing / Processing platforms, often offered as a service, with variable pricing models linked to volumes, cards or transactions. These models, however, tend to reduce profitability for the Issuer as the business grows.

TAS Group expertise

On the contrary, TAS Group can boast a strong flexibility in this area, thanks also to its considerable systemic / architectural know-how as an Independent Software Vendor (ISV), the result of over 35 years of activity in the payments sector. The technologies underlying Issuing have historically been based on legacy configurations, a method that over time has shown to have limitations. Firstly in terms of hardware consumption costs, but also in terms of the flexibility for functional evolution: the systems often used by issuers are the result of decades of technological layering, thus often being excessively rigid and monolithic. So much so that it becomes difficult to evolve, a factor that obviously represents a significant obstacle in meeting the new needs of the market and customers. The need to offer new innovative services that now characterizes the world of payments in issuing translates above all into the possibility for the customer to request and activate cards in an omnichannel way: online, from a web browser or from an app. Additionally, there is a widespread need to provide the cardholder with a consistent experience through the different points of contact.

Advanced platforms at the service of customers

The need for this type of evolution in issuing is well known to TAS, a company that has never stopped updating its platforms: from an architectural point of view, the main transition has been from classic mainframes to open platforms, which also allow exposure to third-party APIs. From a functional point of view, the offering has been enriched thanks to extensive experience in the prepaid field (among which, Poste, the Italian Post Office financial division, stands out) and, more recently, thanks to developments oriented towards the convergence of card-based payments, IBAN-based payments and alternative payments. This approach has led to a rationalization of application and architectural solutions, so as to offer horizontal management of end-to-end omni-channel and omni-tool processes, usable via API. Further advances have occurred in terms of interconnection with card circuits and with clearing and settlement channels: TAS is, for example, the only gateway to UPI (Union Pay International) for the Eastern Europe area. Furthermore, among the numerous partnerships, its current agreement with Mastercard is particularly relevant, which allows it to offer a direct connection to a variety of card networks - such as Mastercard itself, VISA, Diners/Discover, and others - through a single gateway.

More generally, thanks to an extremely customer-focused approach, TAS has invested in the development of advanced configurations, tailored to the ambitions and size of the new operators, but also to incumbent banks wishing to review their infrastructural capacity and offer physical / virtual cards and innovative payment services to compete with more dynamic players without the heavy burden of their legacy inheritance.

PaaS as a strategic choice

From a technological point of view, according to TAS, the key to enabling this evolution lies in the cloud. The trend for Issuing is to move towards cloud services that can also be advantageous from an economic point of view, as well as for reliability and quality. Another important driver is the reduction of time to market, which allows customers to be faster in the deployment of new products, while maintaining a high quality of service. In particular, the cloud designed by TAS for issuing provides a "Platform as a Service" (PaaS) mode, sitting between SaaS and IaaS. At the application level, this means that, in addition to the software of the Card Management and Card Processing system, there is also the availability of other classic components of core banking, such as modules for the management of personal data and accounts. The development itself is based on Open- and Industry-standard architectures to ensure independence from Cloud providers and maximum flexibility in terms of hybrid cloud models. At system level this configuration ensures that the various components of the underlying cloud infrastructure – including servers, network equipment, operating systems, storage services, middleware and databases – are set up and managed by TAS in an optimal way for specific customer requirements. This mode not only relieves the customer of the IT administrative burden, but also represents an interesting economic opportunity, allowing maximum scalability and ample flexibility with respect to the various Cloud providers.



More specifically, the Card Issuing in PaaS offering is aimed at two different types of operators:

- 1. Banks with custom systems:** In this case, TAS supports the bank's legacy systems with its Issuing platform in PaaS mode, so as to manage a gradual and controlled migration of the customer's product portfolio, creating the customizations necessary to support the products in circulation.
- 2. New operators:** The TAS Issuing platform in PaaS mode avoids the customer having to make heavy investments in hardware and software infrastructure and connectivity, and in training personnel assigned to system management.

Management autonomy for Issuers

One aspect that differentiates us from our competitors is our deep knowledge of the specificities of the local market coupled with strong skills in the implementation of the processes that govern the management of international cards and their transactions. In Italy about 50% of cards in circulation



have been issued through TAS systems, and our solutions manage over 100 million cards worldwide. The competitors we are dealing with are certainly giants with relevant Issuing platforms although have very high costs, while we can meet the needs of our customers also from this point of view. Another aspect on which we are extremely focused is in making customers more autonomous in managing certain core functions. As I mentioned earlier, one of the core aspects of Issuing is the ability to easily manage and configure new card products. Until a few years ago, a customer who wanted to offer something new on the market was obliged to interface with us, listing the requirements they wanted for their card. Today, however, a whole series of functions are available, through intuitive user interfaces to our customers, allowing them to configure and parametrize the desired payment product in total autonomy.

[Learn more about TAS card and digital payment solutions](#)