

Transforming Into a Leader of International Card Payments

Cash transactions continue to decline in Dutch markets. Consumers in the Netherlands strongly favor using debit cards versus credit cards or cash. 96% of all payments are completed using a debit card versus a credit card. This signals an increased demand for digital payment options.

Together with ACI, Rabobank modernized its debit and credit card systems into one solution using the capabilities available through [ACI® Issuing™](#). This allows the bank to authorize, switch and process customers' transactions, finalize clearing and settlements, as well as manage all chargebacks and disputes.

ACI and Rabobank used three phases to complete this transformation:

- Switching and transaction processing modernization
- Credit card issuing transformation
- Debit card issuing transformation

INDUSTRY

- Financial Institution

EMPLOYEES

- 43,000+

LOCATION

- The Netherlands

SOLUTION

- ACI Issuing

The Netherlands



17.6M

Population



2.2

Cards per
Inhabitant



10.8

Avg. Monthly
Transactions per
Inhabitant



\$4,335

Avg. Annual
Spend per Card



\$1,646B

Annual Value of
Card Transactions



45.5%

Card Payments
vs. Total Payments



Switching and Transaction Processing

The Challenge

Rabobank's transformation project began with the Transaction Processing Infrastructure Renewal (also known as TAPIR). Although there was a risk of missing out on unique selling points, Rabobank executives felt that the uniqueness would come by offering new standard services faster than the competition.

The Solution

The main solution used for this project was BASE24-eps for switching, authentication and authorization on real-time balance and real-time transaction processing together with other ACI solutions, such as ACI Interchange™ for the clearing and settlement, ACI Automated Dispute Manager™ for disputes and IR for dashboarding, alerting and monitoring.

The first decision was to create a new transaction processing environment next to the existing one, so both solutions were able to run in parallel and gradually migrate transactions to the new system.

The Results

The TAPIR project started in 2014. Millions of accounts and cardholders are dependent on absolute certainty that the retail payments go through, every second of the day and without a second of downtime, so timing was critical. In 2016, the first transactions were migrated, and by 2017, all transaction flows were running through the new system:

- Rabobank is now able to add schemes and select both national and international central infrastructures
- Additional business case benefits include increased speed to market, standardization, ability to move to Linux and public cloud, and more



Credit Card Issuing

The Challenge

Rabobank had a relatively small credit card portfolio and outsourced that business to an external party. This contract was ending, so a replacement solution had to be found within one year. Bringing it back in-house was the best option because it offered:

- Considerable cost savings using the ACI packaged solution
- Easier access to card transactions and controls for credit cardholders
- Risk-based analysis using integral customer data
- Fraud management and dispute management
- The introduction of tokenization products for credit and debit
- Development of new credit card products and features
- A low-limit credit card with the ability to increase the spending limit directly out of the current account

In addition to these benefits, Rabobank wanted to replace the Maestro debit card with Mastercard and Visa debit cards due to higher acceptance rates worldwide. This requires a credit card management and transaction processing setup — the perfect stepstone to moving Rabobank closer to their desired goals.

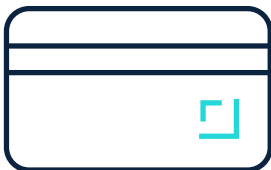
The Solution

Rabobank only offers charge cards that are paid off fully by the end of the month. The decision was made not to move the full credit card account over, but to issue a brand new account and a new credit card. This would have an impact on their clients, but was believed to be an acceptable advantage to end users.

The Results

Given the very limited timelines for implementation and replacement, the project was a complete success:

- The process was transparent to the end user, except for the replacement of the physical card
- The modernization generated major savings for Rabobank's credit card processing costs
- Rabobank created a direct connection with Mastercard to reduce the processing cost per transaction, especially cross-border transactions



Key Takeaways

As a result of modernizing, the bank will gain several benefits, such as cost reduction, improved time to market and agility. This allows the bank to:

- Identify synergies and reduce costs
- Create new products and services within weeks or months versus years
- Generate new initiatives around token and eCommerce payments, such as M4M and Click-to-Pay

In less than a decade, Rabobank has become a leader in the Dutch card payments market and at the forefront of international developments on a global scale.

ACI Worldwide is a global leader in mission-critical, real-time payments software. Our proven, secure and scalable software solutions enable leading corporations, fintechs and financial disruptors to process and manage digital payments, power omni-commerce payments, present and process bill payments, and manage fraud and risk. We combine our global footprint with a local presence to drive the real-time digital transformation of payments and commerce.

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Debit Card Issuing

The Challenge

The credit card project allowed Rabobank to move into the final phase: replacing their debit card portfolio. They had an in-house management system but it blocked innovation. Primary account number debit account (PANDA) was created to replace the Maestro debit card solution. Moving from Dutch PAN to the real PAN would prepare Rabobank for the increasing demand from its consumers. This project focused on specific product settings that needed to be implemented around debit card payments versus new technology being introduced.

The Solution

Rabobank expanded the existing ACI Issuing deployed solution to activate debit card management capabilities and move from an in-house proprietary solution. The bank also chose to use:

- Any payment type support
- Optimized consumer experience
- Parameters-based configuration
- Consumer payments flexibility
- Advanced analytics and reporting
- Loyalty and alternative financing
- Enhanced customer segmentation

The Results

In 2021, the PANDA project began to replace all Maestro debit cards with Mastercard and Visa debit cards. Rabobank's next goal is to offer new debit card solutions and expand into other digital payment possibilities by early 2023.

Source: <https://www.globaldata.com/store/report/netherlands-cards-and-payments-market-analysis/>