

**Issuing, authorization and fraud detection for credit cards**

**Choosing Alaric's Authentic product suite enabled Cornèr Banca to migrate its card payment authorisation systems smoothly away from an environment that was costly to maintain and provided little scope for business expansion.**

**The combination of Authentic and Fractals provides the bank's cardholders with a high degree of protection against fraudulent card usage.**

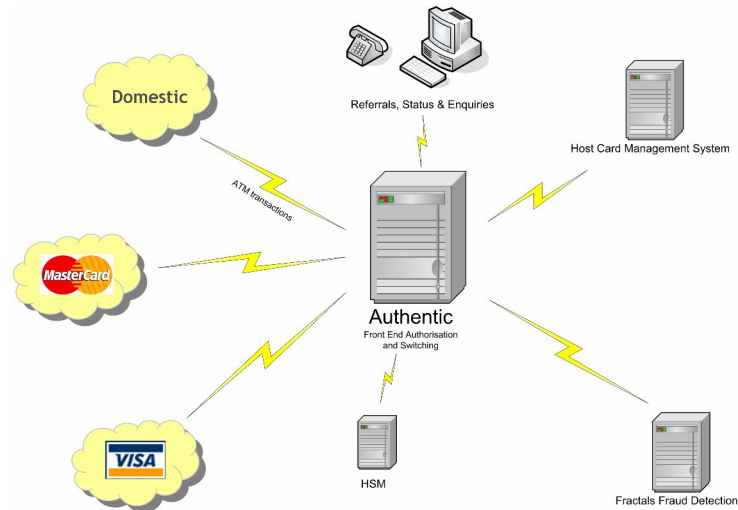
**Background**

Founded in 1953 and headquartered in Lugano, Switzerland, Cornèr Banca SA is an independent private bank. It has operations in Locarno and Lausanne plus several foreign affiliates.

The bank is one of Switzerland's two leading card processors and is among the country's leading issuers for both Visa and Mastercard.

**Why Alaric?**

The bank realised in 1998 that its existing



authorisation system was reaching the end of its useful life.

It relied on proprietary equipment that was expensive to maintain while adding new business functionality was becoming prohibitively expensive.

At the same time it was clear the card market was about to go through a period of rapid change involving, for example, the introduction of smart cards for debit and credit transactions.

Cornèr Banca therefore decided to replace its authorisation system with one that would be more cost effective and more responsive to change.

Any new solution needed to be flexible and configurable, and to offer high performance.

The new system had to allow the bank to take advantage of non-proprietary, lower-cost hardware and software.

It also had to be versatile so that new business requirements such as SOA/web services integration with third party services could be readily accommodated in the future.

**The Authentic Project**

When the project started in 2000, Authentic was in the early stages of its development. Cornèr Banca were impressed with Alaric's knowledge of the payment

industry and were willing to help shape Authentic as it evolved.

As a result the bank's staff worked closely with Alaric's staff on the completion and customisation of the system, as well as becoming a beta test partner.

Cornèr Banca and Alaric together drew up a detailed migration strategy to take the bank in stages from its legacy system to a full Authentic implementation, ensuring that continuity of all services would be maintained at each stage. Live running of the complete system started in 2003.

### Implementation

Cornèr's primary Authentic application runs on four SUN servers. The Authentic database, is supported by Oracle 9i RAC running on servers with shared RAID disk. The application and database processors are split across separate physical locations.

Fault tolerant communications design provides continuous service through any node failure.

A separate disaster recovery system is kept in warm standby. Oracle facilities are used to mirror the Authentic database.

Authentic provides interfaces to Visa, Mastercard and Payserv

(Switzerland's domestic ATM network linking 5,000 devices).

Internally, Authentic interfaces to the bank's IBM host and to its Thales Hardware Security Module.

### Fractals

Cornèr Banca were so pleased with the Authentic system that they are also adopted Alaric's fraud detection system, Fractals.

The bank uses both Fractals' User Rules capability and its intelligent transaction scoring capability, delivered via Fractals' ACE (Adaptive Classification Engine).

Fractals is integrated with Authentic and is used by the bank in real time mode – this means that transactions received by Authentic are handed off to Fractals for scoring and that the Fractals score is returned to Authentic and used in real time as part of the transaction authorisation process.

The bank is widely regarded as one of the most innovative and sophisticated in Switzerland and achieves high rates of fraud detection at low false positive rates from its real time fraud detection system.

### Technology

Authentic and Fractals have a modern open windows-based design written in

100% Java code using object oriented design techniques.

Authentic and Fractals can run on any platform that can support a Java run-time environment and the Oracle database.

Operating systems supported include: UNIX, Windows and LINUX, allowing the user to pick from many widely available platforms provided by Sun, HP, Stratus and IBM.

### Summary

For Cornèr Banca a major benefit of Authentic was that it enabled a low-risk migration from its legacy authorisation system.

This risk reduction was achieved with the help of another Alaric product, *Message Mapper*, which insulated the existing authorisation system from change, enabling a gradual transition of the authorisation process from the legacy system to Authentic.

Authentic also provides the bank with a flexible, configurable infrastructure which has greatly improved the bank's business agility and its ability to respond to changing market trends and competitive pressures.

Fractals provides Cornèr Banca's cardholders with an unrivalled degree of protection against fraudulent behaviour.



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