IBM

Chinatrust launches new era of e-commerce using technology from IBM.

With the assistance of IBM e-commerce products, as well as services from IBM Global Services, Chinatrust Commercial Bank is cementing its position as the largest credit card issuer in Taiwan, having issued more than 1.6 million cards. Chinatrust hired IBM to help it move into the fiercely competitive business of handling merchant credit card authorizations for Chinese residents worldwide.

A booming business in the new century

E-commerce is going to be very important in the next year and in the coming century. "We need to prepare for what we feel is going to be a booming market worldwide," says Michael C. Chang, AVP and GM, Credit Card Customer Service Department for Chinatrust Commercial Bank. "We felt this was a niche market that we could capture with the right solutions in place. IBM is helping us do that with its Net.Commerce products and encrypted payments gateway."

As a "clearinghouse" for merchant credit card authorizations, Chinatrust will realize margins of only a couple of percentage points on each transaction. To make money, it has to reach out to as many merchant

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Application	Merchant credit card authorizations
Business Benefits	Capture an Internet-based niche market in Taiwan and abroad
Software	IBM® Net.Commerce IBM Consumer Wallet™ IBM Payment Server™* IBM Payment Gateway™* IBM Payment Suite™
Hardware	IBM RS/6000®
Services	IBM Global Services

Chinatrust is using payment products from IBM to handle merchant credit card authorizations worldwide.

e™

e-business

customers as possible to create large volumes that, in turn, make for solid profits and return on investment.

To make it work, Chinatrust had to find technologies and products that would offer both high performance and the security that is mandatory when dealing with Internet-based transactions. "We felt that solutions based on the SET Secure Electronic Transaction™ protocol would best serve both us and our customers," Chang says.

The SET™ protocol is designed to help overcome the major barriers to commerce on the Internet, including consumer fears about stolen credit card data and merchant concerns about the identities of online customers. Through the use of digital certificates, the parties to a transaction are identified, providing Chinatrust customers with confidence that they have the privacy and integrity needed for realtime credit card payment transactions over the Internet. Since implementing the SET specification, Chinatrust merchants have not had a single credit card chargeback.

IBM offers the best solution

Chang says the decision to go with IBM was straightforward. "IBM is the strongest company and best partner for this kind of solution in our market," Chang says. "We believe IBM can provide the kind of products and services that we may need in a rapidly changing Internet environment."

To handle its transactions, Chinatrust uses IBM RS/6000 server hardware. The RS/6000 server is designed to offer a combination of very high throughput with the kind of high availability demanded of critical financial transactions that are conducted seven days a week, around the clock. The RS/6000 server is also highly scalable, so it can grow with Chinatrust's business if it chooses to expand, either in Taiwan or around the world.

For merchant authorizations, Chinatrust uses IBM Net.Commerce software to rapidly execute credit card transactions on the server side. For its merchant customers, Chinatrust provides IBM Payment Server, a component of the IBM Payment Suite solution. The IBM Payment Server is the electronic equivalent of a cash register, organizing and accepting payment for the goods and services selected for purchase.

Chinatrust and its merchants encourage consumer end users to install the IBM Consumer Wallet, a helper application that is compatible with most Web browsers. The Consumer Wallet software lets a user make approved payments to authenticated merchants over public networks using SET "digital certificates," which protect a user's identity and financial information with a combination of public and private "keys," or algorithms that encrypt information.

"We are also using the IBM Payment Gateway for transaction security. It's a part of the overall solution that is very important to our customers," says Chang. The Payment Gateway is an application that translates security protocols into the protocols of the private financial networks involved in specific credit card transactions. It provides message encryption and decryption as well as certificate verification and management and serves as the interface that handles transactions between a merchant and Chinatrust, which authorizes the transaction.

Pioneering innovative banking

Chang says the new e-commerce solution will tie in other offerings from Chinatrust, including a 24-hour automatic service center and home banking that is handled through a voice response system.

"As the financial environment becomes more and more competitive, we not only have to add new branches, but we also have to pioneer new technologies and technical applications," Chang says. "We needed a stable, efficient, high-performance system. IBM was able to provide it and is a reliable vendor and partner for our e-commerce solution."