

HSM-as-a-Service Reduces Time-to-Market and Costs for the Growing Fintech Market

Recently, the Central Bank of Brazil enacted regulations favorable to financial technology (fintech) innovators to foster competition and better services. SWAP is a venture capital-backed Brazilian startup that helps fintechs and service providers adopt their own internal financial technology capabilities faster and more effectively. SWAP noticed a growing demand from several verticals (from marketplaces to food delivery and ride sharing), for reliable transaction processing, better customer experience and embedded financial services into their businesses and apps. This prompted SWAP to start looking for the best route to build a payment infrastructure to serve all customers in need of expanded financial and payment services.

The Challenges

However, after negotiating with credit card brands, SWAP needed to comply with the requirements of the PCI DSS (Payment Card Industry Data Security Standard). Without such compliance, the company expansion would not take off, and their customers' wishes would not be fulfilled.

SWAP was facing a deadlock: it had to comply with the credit card industry requirement, but it could not implement the entire

infrastructure needed for a secure environment for data processing. The company was still in its infancy, with only two years in the market, and implementing the entire infrastructure needed was impractical.

The first challenge was to enable the technological infrastructure to provide financial services; the difficulty of accessing this infrastructure was greater than SWAP imagined.

This challenge became a lot bigger a month before the scheduled implementation of the solution. In March 2020, the World Health Organization declared the largest pandemic of recent times. In other words, in April 2020, SWAP started implementing solutions to offer services to fintech clients in the middle of a pandemic. If it failed to have a certified secure environment, it could not offer its proposed services – an undesirable lose/lose scenario. In addition to the cost, the implementation of a secure room became extremely complicated and would take even longer than initially envisaged.

This would be a disaster, not only for SWAP, but for dozens of customers who needed payment and financial services more than ever with the exponential growth in demand for e-commerce transactions caused by the pandemic.



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– Bruno Napolitano, CISO Security/Risk/Fraud at SWAP.

The Solution

The search for solutions and for a reliable vendor led SWAP to First Tech. Active for 25 years, First Tech offered SWAP the market-leading payment HSM, Thales payShield, in a HSM-as-a-service model called HSM off Premises (HoP), a novelty in the Brazilian market. The HSM off Premises solution includes an environment with a secure room for insertion of keys, the support of trained professionals, team training, consultancy, and services. Bingo! The operation finally would be made possible!

"The solution presented made a big impact on us. Thales payShield 10K is considered the benchmark for payment HSMs, with an excellent performance and several global certifications that prove the reliability of the solution for PCI compliance," stated Bruno Napolitano, CISO Security/Risk/Fraud at SWAP. "The solution was also very economic, since we used First Tech's secure room and HSMs operating on a service model."

The Results

With an agile and affordable product, SWAP was able to promote an essential solution for a sector of the economy that was struggling, but that also presented a great opportunity due to the pandemic.

The acceptance by the market was so good that just two months after the launch of the pilot project, SWAP saw a four-fold increase in its customer portfolio, and thousands of its cards out on the streets.

The company's success in associating its product with market leaders such as Thales and First Tech with HSM off Premises resulted in agility and efficiency, helping SWAP to consolidate the institutional image of a leader in digital innovation.

"The representatives of the credit card brand we chose to process told us that it has been the fastest project in the past 15 years in the implementation of card issuance with a processing/issuing company," Napolitano discloses. "Now, SWAP expects to grow 30% to 40% per year, always counting on the support from First Tech and Thales."

Our Innovation

The payShield HSM is already known for its excellence and for its leadership in the payment market. The innovation of this solution for SWAP is in offering it as a cloud-based service with HSM off Premises, with all the PCI certification for the environment, and in a scalable manner. In other words, as SWAP grows and gains new customers, it will be able to increase the transaction volume and, consequently, the amount of card processing.

About Thales

The people you rely on to protect your privacy rely on Thales to protect their data. When it comes to data security, organizations are faced with an increasing number of decisive moments. Whether the moment is building an encryption strategy, moving to the cloud, or meeting compliance mandates, you can rely on Thales to secure your digital transformation.