GEORGIA
HISTORICAL SOCIETY
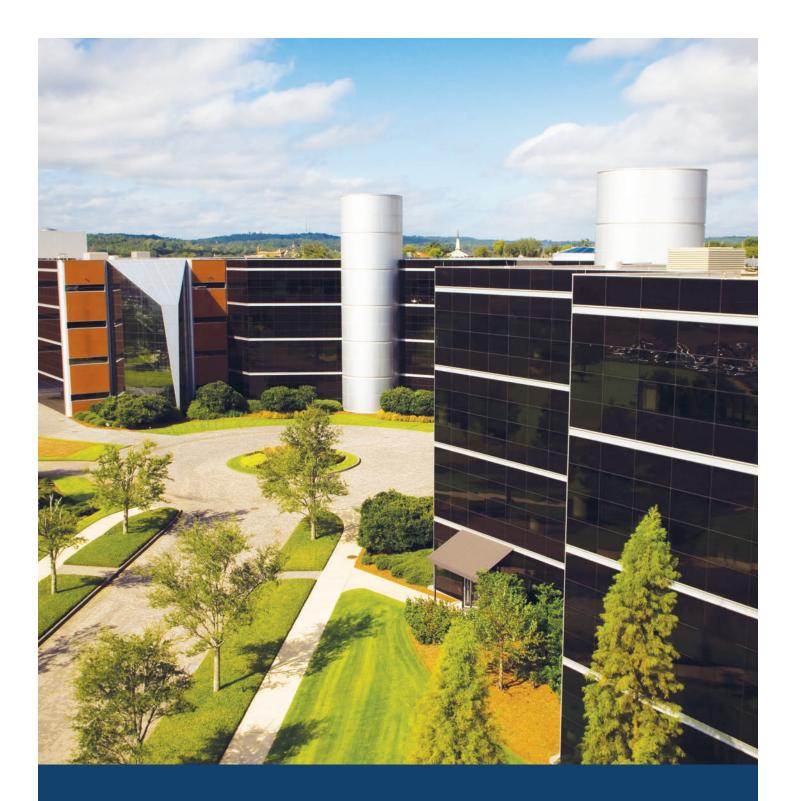
GEORGIA BUSINESS
HISTORY INITIATIVE

Each year the Georgia Historical Society selects iconic companies in our state to be honored through the Georgia Business History Initiative. By showcasing these companies, GHS seeks to teach Georgia students, citizens and tourists alike about the pivotal role of Georgia's leading businesses in the economic, cultural and social development of Georgia and the United States.

Sharing the Stories of the Businesses that Built Georgia

TSYS®

The TSYS campus in Columbus, Georgia.
Next page, bottom: sample credit card from Columbus Bank & Trust.

TSYS®

(Total System Services, Inc.®)

A GEORGIA BUSINESS HISTORY PROFILE

TSYS is a leading **global payment processor**. For more than thirty-five years, TSYS has been a pioneer in payment processing, offering payment solutions that allow banks, merchants, and consumers to electronically transfer money. Today, TSYS helps hundreds of banks and retailers all over the world process their credit and debit card transactions, thousands of merchants accept and process payments, and millions of **consumers** manage their money using prepaid cards.

Starting **THE JOURNEY**

The roots of this global financial technology (FinTech) company were planted by a local community bank from Columbus, Georgia. As the story goes, in 1888 the manager of a textile mill in Columbus recognized a financial need for one of his employees. The mill worker had nowhere to safely store her money, so the mill manager started a bank for her and others with the same need. This bank eventually became Columbus Bank & Trust (CB&T, now Synovus). In 1959, it became one of the first banks in Georgia to offer a credit card. To process their new card, the CB&T Bankcard department was created, paving the

way for the formation of TSYS. In order to provide other banks and businesses with processing solutions for payments made with credit cards, Total System Services, Inc. was formed as a division of CB&T. In 1983, Total System Services became a separately **incorporated**, publically traded company, taking on the abbreviation TSYS (pronounced tee-sis and short for "The Total System"). On December 31, 2007, TSYS became a fully independent company trading on the New York Stock Exchange under the symbol "TSS."

Creating **TSYS**

From its onset, TSYS was a **forerunner** in the credit card processing industry. The first bank to **outsource** its credit card payment processing to TSYS was Landmark Union Trust Bank of St. Petersburg, Florida in 1974. This proved to be a ground-breaking event for processing financial payments and accessing account data electronically. The Landmark team initially sought to purchase software from TSYS, but that quickly changed over a casual dinner meeting in Columbus. Landmark desired quicker, more efficient payment processing and TSYS offered a revolutionary solution. At the time, credit card payments were processed manually by sending paper receipts back and forth through the mail. This process was slow and inefficient. TSYS designed a system that successfully transitioned Landmark's paper process to an electronic one. By 1979, TSYS had landed another major processing agreement with Sun Bank of Orlando, Florida (currently SunTrust Bank) consisting of more than 250,000 accounts. But, it was TSYS' relationship with Michigan National Bank (now a part of Bank of America) in 1985 that put TSYS on the FinTech map. TSYS successfully **converted** over 1 million Michigan National accounts to the TSYS processing system, giving TSYS a reputation of reliability and success.

Top: Landmark Union Trust Bank of St. Petersburg, Florida. Bottom: The manufacturing of a Sun Bank credit card.

Exponential GROWTH

In 1989, TSYS once again revolutionized financial payment processing with the development of TS2 ® — a processing system (called a "platform") that not only allowed for updates and changes to clients' products, but also permitted banks to customize the system to their precise needs. TS2 cost more than $100 million to create and took more than five years to develop. This **state-of-the-art** technology was unrivaled in the field, and soon many major companies wanted to do business with TSYS. TS2 offered more flexible options than were previously available, and saved clients time and effort because they were able to identify and target the needs of their customers. The TS2 platform also propelled TSYS into international markets, establishing relationships and new customers in Mexico, Canada, Europe, Brazil and China, and garnered interest from some world-famous companies.

Collaborating with HOUSEHOLD NAMES

In 1990, a very well-known company came knocking at the door. AT&T, the largest telephone company in the world at the time, wanted to offer a multi-use credit card in an age when credit cards were often meant for a single purpose, such as a gas card or department store card. The AT&T Universal Card was designed to fit the lifestyle of the average American consumer who might want to make credit card purchases at restaurants, hotels, or retail stores. The AT&T partnership was a huge success. The card debuted in a television commercial in March 1990 during the **Academy Awards**. It proved so popular that the amount of calls to apply for the card disrupted telephone service.

Another major **collaboration** came in 1996 when TSYS and Visa USA embarked on a joint venture that

Left: newspaper article about TSYS expanding through the acquisition of NetSpend. Right: sample AT&T Universal Cards.

would serve both banks and merchants. The venture, with ownership initially split 50/50 between the two institutions, was named "Vital," combining the names "Visa" and "Total." It was designed to help business and merchant customers easily accept credit card payments. TSYS purchased Visa's 50 percent in 2005, and has since continued to grow its merchant business by acquiring other innovative merchant processing companies.

In 2013, TSYS moved into a new area of the payments industry by acquiring a nationally recognized prepaid card company called Netspend. Providing prepaid products allowed TSYS to offer services directly to consumers for the first time in its history. Netspend branded cards are available to consumers through partnerships with some of the world's best known retailers such as Walmart and Rite Aid.

Service for the **FUTURE**

Over its thirty-five year history, TSYS has pushed the boundaries of its industry, developing groundbreaking technology and products for processing payments. For example, TSYS processes "contactless payments," which allow consumers to make purchases by tapping, rather than swiping, a card. TSYS has also introduced new payment products and capabilities using state-of-the-art mobile and chip technologies. Consumer preferences for how they pay for purchases are constantly evolving, and companies in the payments industry must stay on the leading-edge.

From its humble beginnings, reaching back to the mill manager in Columbus who wanted to provide a secure service for his employee, to its status as a global financial technology leader, TSYS has kept people at the core of its mission, making it one of Georgia's signature FinTech companies. Today, with numerous offices in Columbus, metro Atlanta, and around the globe, Georgia remains the home of TSYS.

Getting
FIN-TECHNICAL

Financial technologies (FinTech) impact us every day, but can you explain how a small piece of plastic – such as a credit card – actually works? TSYS, headquartered in Columbus, Georgia, is a global FinTech leader in payment processing, but what is payment processing, exactly? TSYS helped lay the groundwork for the **burgeoning** FinTech industry in Georgia, but what is FinTech? Processing a payment from a credit card or other type of electronic payment is not, as some may think, the result of magic. It is a process that has been developed over time resulting in faster and more secure financial transactions. TSYS' pioneering work in developing technologies and software over the past thirty-five years has been crucial in creating a technology and innovation environment that has fed the success and growth of the more than 100 Georgia-based, FinTech businesses that help provide or support over 38,000 jobs in the state. From Columbus to Atlanta, FinTech has become one of Georgia's leading industries and TSYS helped paved the way.

What is Payment Processing?

Payment processing is the simple collection and distribution of financial data when a consumer makes a purchase with a credit card, debit card or other type of electronic payment tool. When you swipe, tap, or insert your card to pay for a product, the technology that your card interacts with at the **point of purchase** collects data from that card. Your card's data is used to either approve or deny a transfer of money from your bank or financial institution to the seller. This allows you to make purchases in a variety of locations without having to use cash or other means of paper currency.
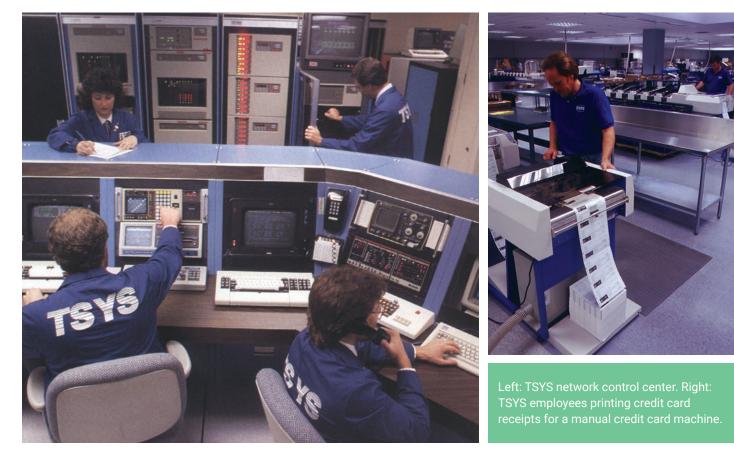
Why does it matter to me?

Banking has changed enormously over the last three decades. Many Americans no longer have the need to visit a **brick-and-mortar** bank. Almost half of banking customers can complete their banking solely online. Banking has become increasingly more mobile.

At the same time, the way consumers pay for things has changed. Electronic payments today go beyond credit cards and include the convenience of debit, gift, prepaid, and benefits cards, as well as online, contactless, and mobile payments. Today, you can order food from a restaurant before you arrive and pay for it without opening your wallet. You can make a purchase via your smartphone with only your fingerprint. You can use your voice to order online streaming from your television or other smart devices. Companies like TSYS are the driving force behind these new payment technologies.

Software Pioneers

When TSYS began as the credit card processing department of a small local bank, most credit-card processing was completed on paper. Credit-card receipts were mailed back and forth between merchants and banks to reconcile purchases. The paper-based process was inefficient. With a drive to innovate, TSYS changed the way credit-card processing was done by offering a solution to transition the paper process to an electronic one. It not only lowered costs for banks, it gave banks the ability to access account information on site, and gave customers a detailed description of their expenses.

Left: TSYS network control center. Right: TSYS employees printing credit card receipts for a manual credit card machine.

Jobs for the 21st Century

Software innovation led to TSYS' growth **exponentially**. The demand for technical engineers, programmers, and developers was at an all-time high. In 1990, TSYS had the need to fill 90 programming positions. To fill the positions with the most qualified people, TSYS turned to its local community. Surprisingly, TSYS received 1,200 applications for its initial 90 programming jobs. This response indicated that Columbus and the surrounding areas, traditionally dominated by factory and agricultural industries, had many potential employees willing to be trained in 21st-century jobs. This led to a relationship between TSYS and Columbus College (now Columbus State University). The two institutions collaborated to provide courses in engineering, programming, and software development known as the Quick Start program. The partnership was so successful that the then Georgia Governor, Zell Miller, provided state funds to help grow the training program between TSYS and Columbus College. Ultimately, this collaboration became the model for an innovative program between TSYS, the University System of Georgia, and local governments known as the Intellectual Capital Partnership Program (ICAPP).

ICAPP has been the solution to providing education needed to train a large number of people in a short amount of time. ICAPP was so successful that Vice President Al Gore featured the project at his "21st Century Skills for 21st Century Jobs" **summit** in 1999. He recognized the program as innovative because it fostered vital relationships between business and education. ICAPP continued to encourage partnerships between the state's institutions of higher learning and Georgia's fastest growing industries such as video game design, the defense industry, public policy, and software development. The partnership between TSYS and Columbus State University (CSU) continues to evolve and now includes a full spectrum of computer programming and cybersecurity education through the TSYS School of Computer Science and TSYS Center for Cybersecurity at CSU.

Transaction Alley

Transaction Alley, as it has come to be known, is a region of Georgia including Atlanta, but stretching as far as Columbus where TSYS is headquartered. A reference to payment processing, Transaction Alley is home to approximately 100 FinTech businesses. These businesses not only provide a substantial number of jobs for Georgians (and people across the globe), but also represent billions of dollars in revenue for the state each year.

Georgia's leading industries include traditional businesses such as agriculture, transportation, and manufacturing, and today 21st century industries such as film making, tourism, and technology represent a large portion of Georgia's growing economy. In 2016, FinTech businesses grossed $72 billion dollars, almost reaching the average $90 billion grossed by the Hollywood film industry worldwide each year. More importantly, FinTechs in Georgia are responsible for processing over 70 percent of the nation's financial transactions and 60 percent of the world's transactions. These statistics make it easy to understand why a large part of Georgia has been named "Transaction Alley" and help us to understand why TSYS has been an integral company in solidifying Georgia as a technology and service hub.
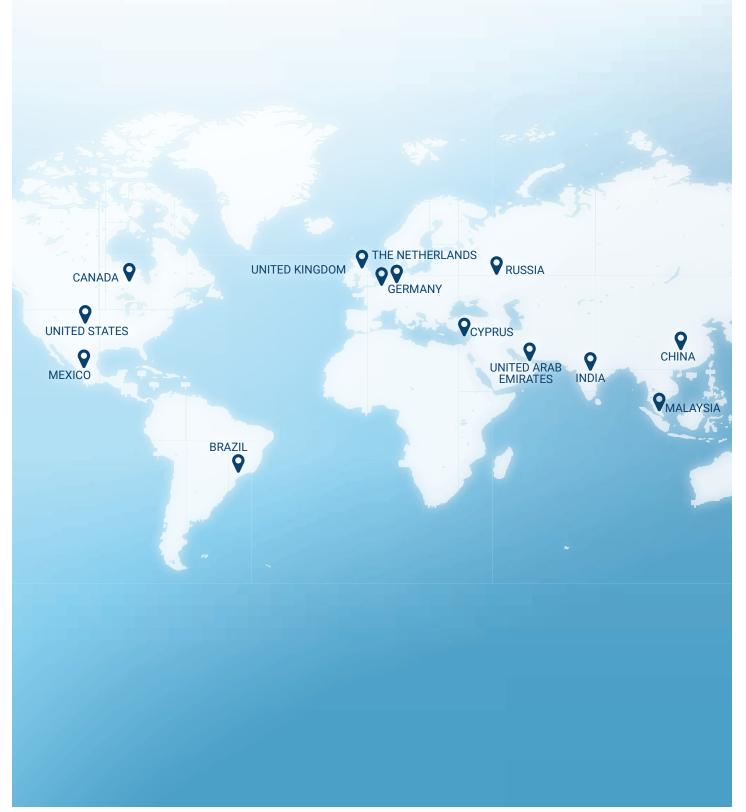
The Future is Financial

TSYS prides itself on providing technology and solutions today to meet consumer payment needs of the future. How we pay for products or transfer money is rapidly changing. Can you imagine how you may pay for things in the future? TSYS can.

TSYS in 2018

Today, TSYS has 12,000+ team members, serving 400+ clients in 80 countries around the world, along with hundreds of thousands of merchants and millions of consumers.

Vocabulary

Payment Processor: a company appointed to handle transactions from various channels such as credit cards and debit cards

Consumers: buyers of goods or services

Incorporated: legally established as a corporation

Forerunner: someone or something that goes ahead of others

Outsource: to buy labor or parts from a source outside a company or business rather than using the company's staff or plant

Converted: to change something from one character, form, or function to another

State-of-the-art: the most advanced level of knowledge and technology currently achieved in any field at any given time

Academy Awards: awards ceremony of the Academy of Motion Picture Arts and Sciences for filmmaking or acting aired nationally each year.

Collaboration: the act of working together with one or more people in order to achieve something

Burgeoning: growing or expanding rapidly

Point of purchase: a place where sales transactions occur

Brick-and-mortar: a building; physical place

Exponentially: rapidly becoming greater in size

Summit: a meeting between heads of government or other high-ranking officials to discuss matters of great importance

Georgia Standards of Excellence with Guiding Questions

SS8H12 Explain the importance of developments in Georgia since the late 20th century.

d. Analyze Georgia's role in the national and global economy of the 21st Century, with regard to tourism, Savannah port expansion, and the film industry

1. **How does TSYS represent one of Georgia's leading industries?**

2. **How do the FinTech industries compare to other leading industries of Georgia such as tourism, the film industry, and shipping? What are the major economic impacts of the FinTech industry in Georgia and around the globe?**

SS8G1 Describe Georgia's geography and climate.

b. Distinguish among the five geographic regions of Georgia in terms of location, climate, agriculture, and economic contribution.

3. **How has TSYS' location in Columbus affected its growth overtime? What has been the economic, political, or social impact of TSYS on the city of Columbus or the state of Georgia?**

4. **What geographic region is "Transaction Alley" located in Georgia? What is the significance of the geographic region of "Transaction Alley"? Why has the FinTech industry thrived in this region?**

SS8CG3 Analyze the role of the executive branch in Georgia state government.

b. Describe how the executive branch fulfills its role through state agencies that administer programs and enforce laws.

5. **What was the benefit of the ICAPP project for the State of Georgia? Provide evidence to support your answer.**

6. **How did Georgia's government use the University System of Georgia to encourage economic growth in the state?**

7. **Why did Vice President Al Gore highlight the ICAPP program in his "21st Century Skills for 21st Century Jobs" economic summit in 1999?**

SS8E2 Evaluate the influence of Georgia-based businesses on the State's economic growth and development.

a. Describe how profit is an incentive for entrepreneurs.

b. Explain how entrepreneurs take risks to develop new goods and services to start a business.

c. Evaluate the economic impact of various industries in Georgia including agricultural, entertainment, manufacturing, service, and technology.

8. **How did TSYS contribute to the building of the FinTech Industry in Georgia?**

9. **What risks were involved in the formation of TSYS and its expansion over its thirty-five year history? Evaluate to what extent "risk-taking" has been a factor in the company's growth?**

SS8E3 Explain the principles of effective personal money management.

a. Explain that income is the starting point for personal financial management.

b. Describe the reasons for and the benefits of a household budget.

c. Describe the reasons for and the benefits of savings.

d. Describe the uses of debt and associated risks.

10. **What forms of payment can be used to purchase items? Why might consumers choose to pay with differing forms of payment such as debit, credit, cash, etc.? What is the correlation between using credit and taking on debt?**

11. **What are contactless payments? How have credit card transactions changed over time? How do new financial technologies affect personal money management decisions?**

12. **How has financial technology changed the banking industry? How has it changed the way individuals interact with their banks?**

13. **Financial technologies have proved to change rapidly. What do you think the future of payments will be? How will future technologies change the way people spend, save, or manage their money?**

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