

MoneySwitch banks on open source

RODNEY GEDDA

07/08/2006 08:00:00

Move over mainframes and proprietary transaction databases, the financial institutions of the future will run on open source software, just like Sydney-based payment solutions company MoneySwitch.

Founded by ex-Cisco engineers more than three years ago, MoneySwitch has developed a custom, IP-based credit and debit card transaction processing platform and will begin active trading by the end of the year.

MoneySwitch cofounder and engineer Andrew Rothwell told Computerworld they spent six to 12 months just trying to understand the business, and were cash-poor at the start.

"We were looking at open source technologies versus a chargeable product and we thought 'let's look at some open source technologies and see what they are like'," Rothwell said.

"We discovered these open source projects are quite widespread and are incredibly well supported. So we came to the conclusion that a lot of the open source products are so reliable and so well supported that why would we even consider looking at chargeable products."

So MoneySwitch built a transaction processing platform based on Linux, MySQL, the Jetty Web server, and Java, and immediately realized the benefits of working with the open source community.

"The beauty is that we are not only consumers of the product; we can feed any bug fixes or design deficiencies that we rectify ourselves back into the community," Rothwell said. "If we can get the changes into the next release we don't have to do anything."

Rothwell said if MoneySwitch went to a "big vendor" product "we just wouldn't get any kind of action or support like that".

With the luxury of going into a greenfield IT business, the MoneySwitch engineers architected the applications such that if it needed to migrate from one open source product to another, it could do so transparently.

"We run Red Hat Enterprise in the data centre and the development environment is Fedora Linux, but now all the guys are looking at Ubuntu [as] the tools that sit on top of it are great," Rothwell said, adding the backend system could also change from Red Hat.

MoneySwitch's vice president of engineering, Peter Haig said the company's goal is to be nimble and ensure open source projects don't get "tangled" in the code so they are kept "clearly interfaced off".

"We have two data centres and have taken a different approach to the banks in that our data centres are effectively hot," Haig said. "So disaster recovery is more real-time and our terminals are able to contact multiple locations to get service."

MoneySwitch will import Eftpos terminals from Belgian company Banksys, which is one of only a few in the world that run Linux and Java on the device and supports native encryption. Within two months it had a prototype payment application running on the terminal.

MoneySwitch's network is purely IP-based and the terminals can access the transaction backend over GPRS, Ethernet, and Wi-Fi.

All this low-cost infrastructure is aimed at breaking the big four banks' "quadopoly" on the \$1 billion transaction processing market.

"The ability to choose between open source projects and fit one in on top of another very quickly was a really compelling attribute as well as the cost, support and the reliability," Rothwell said. "It was a no-brainer for us."



[Send Us E-mail](#) | [Privacy Policy](#)

Copyright 2006 IDG Communications. ABN 14 001 592 650. All rights reserved. Reproduction in whole or in part in any form or medium without express written permission of IDG Communications is prohibited.