

Fraud Predictor Plus

For years, FDR Falcon™ has been used by credit card issuers to detect fraud at the point-of-sale. Coverage currently extends to 85 percent of credit card transactions domestically, and 65 percent worldwide. This pool of transactions from which fraud models are trained provides FDR Falcon with the highest detection rates, coupled with the lowest false positive rates available in the industry.

Although model performance has continuously improved since its introduction, further improvement now requires the ability to tap into new data sources and technology. Merchant data has been proven to provide insightful, predictive information that can be used in improving fraud detection. Fraud Predictor Plus combines the core analytic power of FDR Falcon with the predictive power of merchant profiles to take fraud detection to the next level.

The Addition of Merchant Profiles

Fraud Predictor Plus enables the addition of a new data source for merchant risk assessment inherent in the merchant profiles. Merchant profiles are similar to cardholder profiles as they contain detailed information and history, which are then used in the FDR Falcon models. However, merchant profiles summarize merchant data—transaction and fraud history—which is then used by the neural network model to predict the merchants/points-of-sale that are more or less likely to experience fraud. The traditional fraud score is adjusted downward or upward, based on the merchant information. This additional data collection increases the detection power of the model (at the same Account False Positive Rate [AFPR]) through the integration

of additional merchant variables, as well as the combination of cardholder and merchant data. While some of the model inputs are different than FDR Falcon, the user interface is identical.

Updated merchant profiles are received on a weekly basis and are used in conjunction with the cardholder profiles and Fraud Predictor Plus neural network model. This powerful deployment ensures the most recent information concerning merchant risk, and cardholder transactional activity is taken into account in the prediction of an account's fraud risk.

Fraud Predictor Plus Benefits

- More Accurate and Reliable Fraud Scores
- Leverage of Your FDR Falcon Investment
- Lower Net Fraud Losses – Significantly higher detection rates achieved by enhancing the neural network model with merchant data
- Reduced Chargebacks – By identifying fraud earlier, you're preventing fraudulent charges from ever appearing on the customer's statement
- Improved Customer Service – Minimal training required for fraud analysts



Return on Investment

Fraud Predictor Plus enables clients to reach new records of fraud detection performance. In a simulation of Fraud Predictor Plus versus FDR Falcon™ alone, research determined an absolute improvement of roughly 10 to 14 percent at an AFPR of 20:1.

Improvement varies depending on the type of Fraud Predictor Plus implementation (e.g., real-time, online, batch) and AFPR, selected as appropriate for your business strategy. The improvement in fraud detection translates into significant dollar savings attributed to prevented fraud losses.

Example

An issuer with 10 million active accounts and gross fraud losses of \$5,500,000 per month may realize a return on investment of nearly 400 percent the first year following deployment (based on a 10 percent improvement in fraud detection). Actual return on investment may vary depending on your environment and deployment option.

A Global Leader in Electronic Commerce

First Data powers the global economy by making it easy, fast and secure for people and businesses around the world to buy goods and services using virtually any form of payment. Serving millions of merchant locations and thousands of card issuers, we have the expertise and insight to help you accelerate your business. Put our intelligence to work for you.

For more information, contact
your First Data Sales Representative
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