

Payment Risk Solution

Financial institutions continue to spend significant resources to prevent non-sufficient funds (NSF) returns and limit fraud. Despite these efforts, check fraud and counterfeiting continue to increase at an alarming rate. First Data's Payment Risk Solution leverages the power of predictive analytics to give you a more effective way to mitigate NSF activity.

The Challenge

Your customer makes a payment by check to his credit card balance and requests immediate access to the funds.

Leaving the balance restricted gives the perception of poor service, causing dissatisfaction for your valued customers. Limiting your low-risk customers' access to credit also reduces revenues. Making additional credit available could help maintain a high level of customer satisfaction, but at what risk?

The key to growing a healthy portfolio is maintaining the intricate balance between customer satisfaction and the risk that the check/debit payment received from your customer will not clear.

The Solution

First Data offers a complete software solution that integrates data, analytics and actions to minimize payment risk by identifying high-risk and fraudulent payments and increasing the accuracy of the float versus no-float decision.

Benefits:

- Reduce false positives
- Increase customer satisfaction and retention from low-risk, high-value customers by allowing full access to funds or credit line for additional purchases
- Increase revenue from your high-value credit card customers by allowing immediate access to balances
- Restrict availability of funds from high-risk payments
- Reduce losses in excess of NSF fees
- Accurately predict performance and set policies at the account level
- Simplify strategies

Features:

- Decision Tree Management to create, manage and assess both simple and complex decisions
- Ability to simulate and assess how a given strategy will perform
- Integrated system that provides real-time scoring of payments prior to float/no-float decision
- Customizable with the ability to add unique data sources to improve predictive performance
- Integrated into Right-Time Payments

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How Does Payment Risk Scoring Work?

Each payment processed is scored and evaluated for a non-sufficient funds hold. Highly predictive models utilize your customer data, including amount, type and date of transactions, to determine payment and account integrity. Data from external sources can also be aggregated to strengthen the accuracy of the prediction.

High-risk and out-of-pattern transactions are recognized and assigned an account-level float/no-float decision depending on your predefined thresholds and business strategy.

Float decisions are further assigned a strategy and specific action, and all transactions are logged for reporting purposes. The percentage of payment to make available and the duration of the hold are determined for each payment assigned a float.

First Data Advantages

- Integrated solution allows for faster delivery with fewer technical users to deploy analytics into production environments
- Turnkey process is easier to embed into current processes to enhance existing solutions
- Automated system provides greater access to quick analytical results by a broad range of users
- Seamless solution leverages the power of multiple data sources to improve predictive performance of models
- Fast, dependable deployment makes it easy to implement

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.

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