

Beating the Fraudsters

A Co-Ordinated Approach to Fraud Management

Some €500 million-€1 billion is lost annually in card fraud across the European Union, according to the EU Fraud Prevention Expert Group.



Frauds perpetrated by organised gangs have doubled in the second half of 2006.

KPMG Forensic's Fraud Barometer, Jan 2007

Fraud today is a sophisticated and increasingly global business. Major fraud rings are made up of highly skilled experts, organised into dedicated teams for financial control, technology innovation and resource recruitment. They invest to understand their target market and have expert knowledge of banking policies, platforms and technology. They respond rapidly to measures designed to combat fraud, seeking out new areas of weakness and moving resources quickly and seamlessly across banking channels, regional borders and law enforcement jurisdictions.

The detection and prevention of fraud today demands constant vigilance. It requires staff training and consumer education, effective information sharing within and between organisations and the application of sophisticated technology solutions. First Data takes a holistic but flexible approach to fraud management, combining local market expertise with industry leading technology solutions and analytical techniques and a broad insight into trends and developments across Europe, Middle East and Africa.



Fraud Services Across the Payment Value Chain

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We work with clients to provide the most cost-effective, best-fit solution for each organisation, whether that is access to a best-of-breed prevention system or a fully outsourced, multi organisation, cross-EMEA fraud identification and case management service, executed by First Data staff.

With a presence on the ground across the region, we are well placed to support much-needed industry collaboration in the fight against fraud. We bring together clients, fraud associations, payment schemes and law enforcement agencies to understand trends, predict fraud patterns for the future and enhance our collective ability to beat the fraudsters.

First Data offers fraud detection and prevention services at every stage in the payments life-cycle.

The First Data EMEA Operational Fraud Network is a body of dedicated, highly skilled fraud professionals located throughout the region. Our team provides fraud trends analysis, local market expertise, fraud investigations and specialist support for new product sourcing and development. Our experts work with industry associations, regulators and law enforcement agencies to promote information sharing and help our clients to detect and prevent fraud.

Merchant Acquiring

First Data services include merchant monitoring, identification of Common Points of Purchase (CPPs), case management, suspicious activity reporting and liaison with law enforcement bodies. Our fraud analysts have had success in identifying and investigating instances of account data compromise and can provide a comprehensive education service, delivering fraud awareness training modules to merchants and their staff.

We have developed solutions for unique market environments. Local merchants can reduce the costs of real-time online authentication by using a combination of internal and external data sources and rules-based technology. The First Data solution removes merchant liability in POS transactions, while giving merchants the choice of transacting offline.

Developments for 2007 include a comprehensive Web-monitoring service for merchants to ensure they are compliant with card scheme regulations for their online shopping / Card Not Present environment. A service to ensure merchants are compliant with PCI data security standards will also be offered this year.

POS/ATM Management

First Data hosts more than 754,000 POS terminals across the region. We offer sophisticated software to alert both First Data and the merchant to any potential manipulation of a POS terminal.

Using customised parameters, the solution compiles and risk-scores vulnerable POS terminals at regular intervals, sending an alert to First Data service agents. First Data hosted ATMs will also soon be monitored in the same way.

We are also able to assist our clients with the identification and early warning of unusual activity at POS terminals or ATMs, using rules based transaction-monitoring tools.



Acquirer Processing

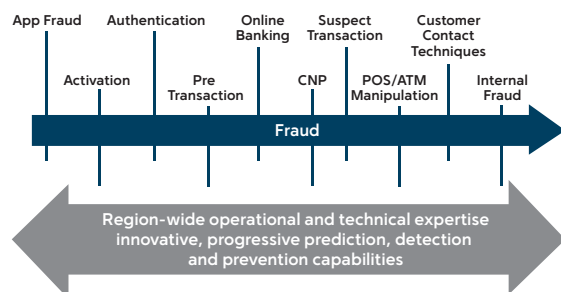
Our merchant monitoring and fraud case management services use a rules-driven proprietary and patented system that encompasses fraud detection, investigation and mitigation. We also analyse, document and complete merchant reviews.

Our technology is linked to external data sources through connectivity to multiple processing platforms across the region, giving us access to multi-national intelligence.

We fully support our clients' merchant needs with education and fraud awareness training, Web and compliance monitoring.

We provide the highest security in the area of Card Not Present fraud through the application of First Data's 3-D Secure offering and advances in Chip technology.

Consumer Finance Processing



First Data provides fraud prevention, detection and monitoring solutions to clients across the region, covering the entire lifecycle of an account from application, activation, authentication and pre-transaction, through to transaction and beyond.

Application

First Data enables clients to validate applications by automatically cross-checking them against internal and external data sources, highlighting any potentially fraudulent applications for further investigation. The rules-driven fraud detection engine can be modified and developed for continued accuracy of detection as fraud evolves over time.

Activation, Authentication and Pre-Transaction

To provide security and protection at point of sale, First Data offers clients an extensive range of leading-edge authentication and identification solutions.

We support the latest developments in today's Chip technology. EMV compliant and offering standard security such as card verification numbers and static data authentication, we are also able to support new chip-based developments such as Dynamic Data Authentication and Combined DDA and Application Cryptogram Generation. This provides additional security and improves the ability to detect counterfeit and duplicate cards. We support the new Card Verification Number for Integrated Circuit Cards, a development which logically separates the card data stored on the chip from that stored on the mag-stripe.

Card Not Present and Online Banking

As Card Not Present frauds increase our 3-D Secure offering makes online shopping safer for buyers and sellers. First Data's EMV Go-CAP (Chip Authentication Program) is one of the most advanced and mature offerings to counter online banking fraud available on the market. The technology protects a customer's online logon using a one-time password generated using an authentication token, the customer's card and a PIN number. Transactions are further verified using 'challenge and response' techniques.

Transaction

We provide a range of advanced solutions for the prevention and management of transaction fraud, in real time, near real time or batch modes. Our extensive range of technology options enables us to provide a tailor-made transaction monitoring solution for portfolios of all sizes.

Solutions operate 24x7, 365 days a year and can be customised to a client's specific requirements. Our solutions use neural network models and rules engines; fuzzy logic risk rating software; rules based systems using statistical and recognition principles and data history; cardholder and merchant behavioural models; advanced scoring



engines based on probability theory, and real-time risk and fraud controls to support neural training, statistical models or Boolean rules.

Customer Contact Techniques

To complement our technology offering, First Data provides a comprehensive suite of operational fraud services designed to deliver early detection of potential fraud events and to minimise customer inconvenience.

Best-in-class text to speech contact technology facilitates early fraud detection with a reduction in potential losses of up to 40 percent.

Our SMS Alert service provides automated SMS fraud alerts directly to your customers and includes a facility for two-way messaging.

Internal Fraud

Not all fraud attacks come from the outside.

The FOOTPRINTS® Online service is part of First Data's suite of fraud detection services and provides a systematic way to monitor internal transactions and detect potentially fraudulent activity by employees on cardholder accounts. By automating the detection process, you help to create a consistent line of defence to identify and reduce internal fraud, minimising potential losses.

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.



To find out more about First Data's fraud management capabilities and the full range of our services in Europe, please contact:

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