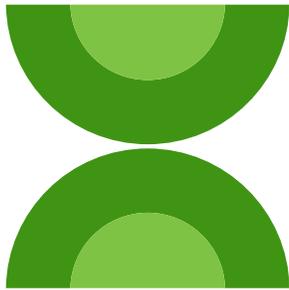
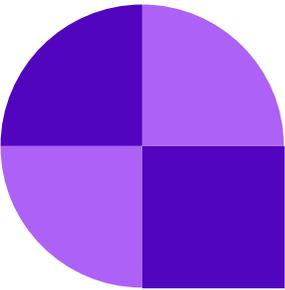


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Fraud screening with Vindicia Subscribe

Optimize for "false positives"

False positives – where businesses incorrectly refuse valid transactions – are critical to online economics. Vindicia Subscribe (formerly CashBox) provides fraud screening capabilities that are designed to limit false positives first, while tracking the optimal chargeback rate to keep the customer acquisition pipeline wide open.

Digital businesses face a different screening challenge

When the cost of goods sold is almost zero and margins are high, false positives cost digital businesses much more than an individual fraudulent transaction. A service that has a \$20 per month subscription price and an average customer life of 12 months stands to lose \$240 per false positive. Compare that to the cost of managing the chargeback that is less than \$20 when there are minimal costs of delivering the service.

Digital businesses can take advantage of these favorable economics and pursue a higher sign-up chargeback rate while remaining appropriately below the 1.0% chargeback ceiling set by the card associations. The fraud screening capabilities built into Vindicia Subscribe limit false positives, while also tracking your optimal chargeback rate.

As a digital business, you can control how the fraud screen is used by either crediting risky transactions after they occur to prevent a chargeback, or by using real-time fraud screening that alerts you to risky transactions before they are submitted to your processor for authorization, allowing you to choose to reject the transaction entirely or request additional information from your customer.

Learning from real chargeback outcomes

Our fraud screening functionality combines the classic risk scoring for fraud — indicators such as geolocation and card velocity — with unique insights into actual transaction outcomes. It learns from real world outcomes of true and

friendly fraud chargebacks to inform you about risk prior to the transaction. This knowledge is generated both from your own transactions as well as from the network of clients that Vindicia protects.

By constantly confirming the validity of fraud screening against chargeback outcomes that are differentiated into true fraud, friendly fraud and business process issues, you can have the peace of mind that Vindicia is protecting you from compromised credit cards, warning you about customers that are likely to create a friendly fraud chargeback, and not penalizing customers who have had legitimate disputes with other businesses.

Key benefits of fraud screening

- Maximize average customer lifetime value by minimizing "false positives"
- Reduce chargebacks and minimize losses from fraudulent orders
- Process more orders with less staff and in less time
- Mitigate the risks of selling worldwide where conventional card-authorization tools may not be available
- Save on processing fees by filtering out fraudulent orders
- Add fraud detection capabilities for alternative payments like PayPal and ACH

Key fraud screening elements

- IP address geolocation offers a way for digital businesses to localize the geographical location of their customers and removes some of the anonymity offered by the Internet. It can highlight, for example, the distance between the billing address and where the order was placed to help determine transaction risk, especially as it applies to specific countries.
- Proxy detection determines whether or not an IP address is an anonymous or open proxy. Both types of proxies are commonly used for various reasons to mask a person's original IP address thus bypassing any IP geolocation controls.
- BIN validation refers to the first six digits of the credit card and provides information on the bank that issued the credit card. It ensures that the country of the billing address matches the country of the issuing bank.
- Email analysis determines whether or not an email address is from a free email provider and if the specific customer's email address has been associated with high risk / fraudulent transactions.
- True probability profiles created by validating the fraud screen against the body of chargebacks that Vindicia

processes across its database of clients to determine whether to accept or reject the transaction.

- The Vindicia client network houses data on businesses of various sizes and industries that are using Vindicia. It allows businesses to indirectly work together and share nonpersonally identifiable information through the Vindicia products for mutual protection. The network effect significantly contributes to the detection of fraudulent orders as well as providing actual chargeback probabilities.

Integrated chargeback management, fraud screening, and recurring billing

Vindicia Subscribe includes fraud screening and chargeback management as part of the overall solution. In addition to giving you a chance to issue a credit on transactions that have a high chargeback probability before they turn into chargebacks, we will actively research, categorize, respond, and recover the revenue from the chargebacks you do receive. You will recover revenue that will flow straight to the bottom line and gain valuable insight into which marketing or customer service practices are creating your chargebacks.

About Vindicia

Vindicia offers comprehensive subscription management solutions that help businesses acquire and retain more customers. Providing much more than just a billing and payments system, the company's SaaS-based subscription management platform combines big data analysis, strategic consulting and proprietary retention technology. Vindicia provides its clients with more recurring revenue, more customer data, better insights, and greater value throughout the entire subscriber lifecycle. To learn more visit www.vindicia.com.

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US Headquarters
Vindicia, Inc.
2988 Campus Drive, Suite 300
San Mateo, California 94403-2531
P +1 650 264 4700
F +1 650 264 4701
vindicia.com/contact-us



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