

Will pay

Won't pay

## About Fraudscreen



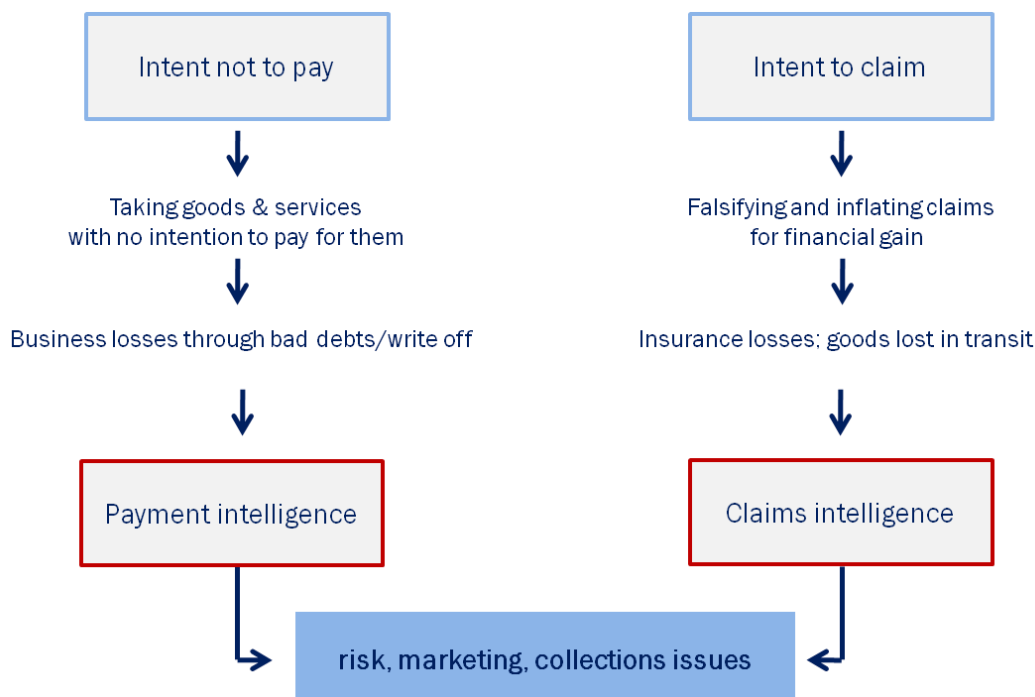
## An overview of the Fraudscreen solution

### The UK's leading solution for first party fraud

Fraudscreen is the UK's leading solution for identifying, predicting and preventing first party fraud, an underlying behaviour that drives un-economic, opportunistic trading by consumers.

First party fraud is perpetrated by a company's own customers. Unlike traditional third party fraudsters, first party fraudsters are recruited under their own identities. They identify weaknesses in a company's order and billing processes or in their lending criteria, deliberately setting out to take advantage of these weaknesses by 'working the system'. This behaviour is manifested in two ways; intent not to pay – taking goods or services with no intent to pay for them; intent to claim – falsifying and inflating claims for financial gain (insurance or goods lost in transit).

The sophistication and accuracy of Fraudscreen solutions provide the payment and claims intelligence needed to make profitable risk, marketing and collections decisions.



“  
How big a risk is this customer to my business?  
  
Should we engage with them and on what terms?  
  
Are they worth the investment?  
”

### A powerful new insight to shape customer strategies

The harsh reality is that first party fraud, often hidden as bad debt or written off as claims losses, is estimated to cost the UK private sector £2.6bn a year, or 28% of the total £9.5bn for all fraud losses.

An organisation's ability to predict first party fraud impacts on risk, marketing and collections decision-making, particularly for those operating in the home shopping, insurance, credit, telecoms or utilities sectors. The insight gained is essential in helping to answer some fundamental questions: How big a risk is this customer to my business? Should we engage with them and on what terms? Are they worth the investment?

Evidence of first party fraud and financial 'intent' is seen throughout a customer's lifecycle. From initial response/conversion, all the way through to collections and recoveries, Fraudscreens can help your organisation to predict the economic potential of your customers; even accounting for variations by industry sector, product, media channel and demographics.



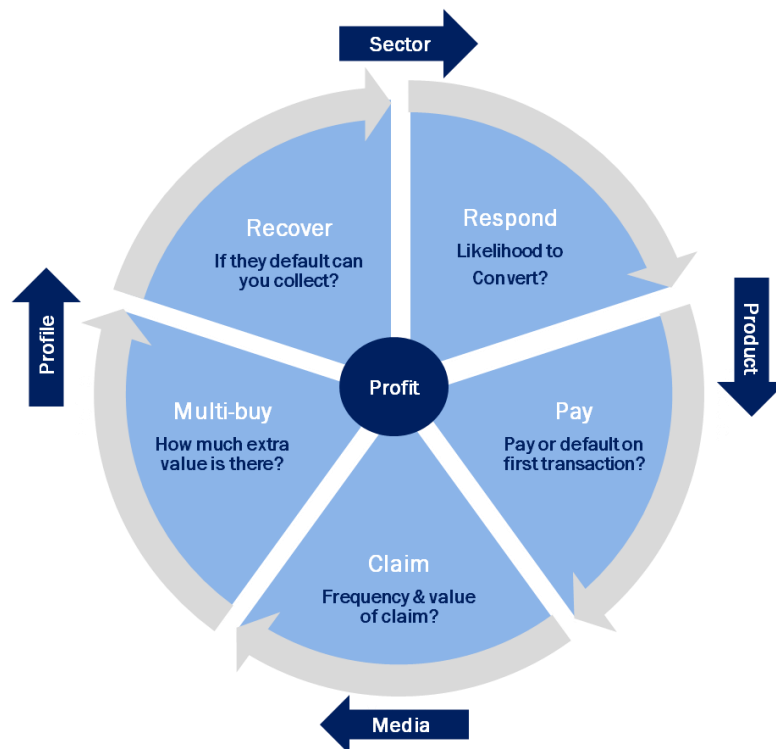
Winner:  
Best Data Enhancement Service



Winner:  
Best Applied Data Mining / Modelling Tool



Finalist:  
Best Use of Technology (Third Party Solutions)

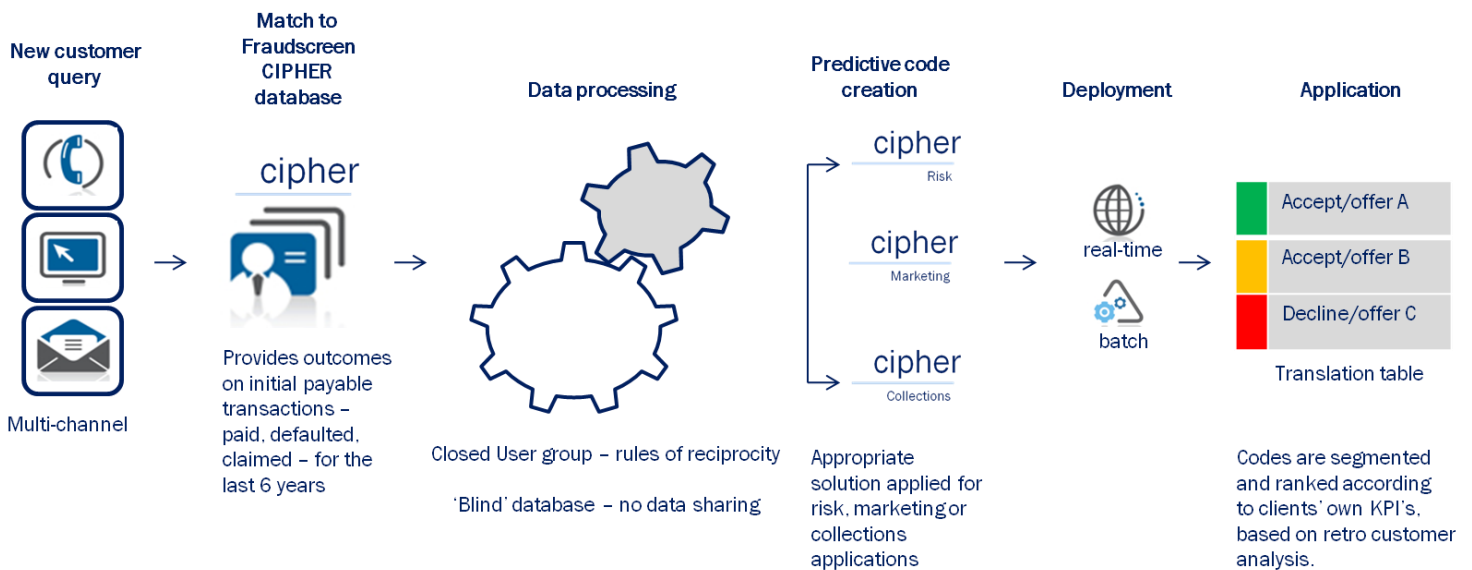


To help answer these questions, Fraudscreens solutions segment and filter prospects and customers according to future 'intent' and ultimately potential risk, profit and return on investment. They do this at all points of purchase, from all recruitment channels, in real-time or batch,.



### The only solution of its kind in the UK

Fraudscreen works by tracking the historic payment behaviour of a consumer in the early stages of their lifecycles with multiple organisations. We then use this behaviour to predict their future intent. To do this, we have created **cipher**, a closed user group of Members, each of whom contributes transactional data on their customers' payment behaviour. The outcome is a set of predictive code solutions for one of three applications:- **cipher:risk** for risk assessment and pricing; **cipher:marketing** for prospect and customer management and **cipher:collections** for efficiency management in the collections process. Each solution segments the codes into a traffic light system (green, amber, red) according to the Members own KPIs – i.e. according to how their business measures acceptable risk and profitability. The resulting 'code signature' feeds a translation table which determines how the client treats prospects and customers falling into each segment.



### Individual and geographic level solutions

Fraudscreen solutions are available at both individual and geographic levels – postcode and postal sector. Whereas data contribution to the closed user group is required for the individual level solution, both geographic solutions (containing no personal data) can be used by non-contributing clients. Available as look-up tables, our geographic solutions can easily be applied to existing models and datasets and are fully refreshed on a quarterly basis.

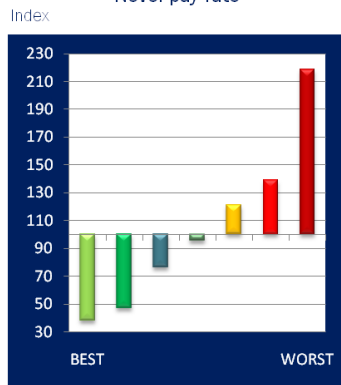


### Engage with customers using the most appropriate offers

By segmenting your customers by Fraudscreen code, you can use a Fraudscreen translation table to treat each segment in the most cost effective way. Fraudscreen codes are proven to show strong discrimination and generate financial benefit across a range of industry sectors; Users have made savings up to £1m per annum in reduced bad debts by restricting payment terms to the worst segments, or rejecting their order, plus encouraging additional value through up-sell or cross-sell initiatives to the best segments.

#### Telecoms

Never pay rate



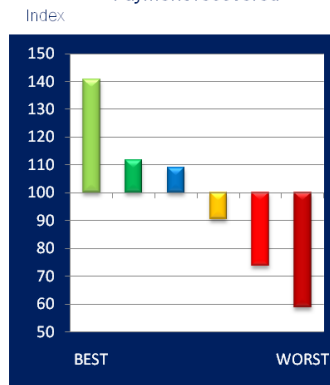
Worst segment defaulting 118% more than average and 470% more than the best segment



Pay as you go offers/cheaper handsets for worst codes

#### Collections/recoveries

Payment recovered



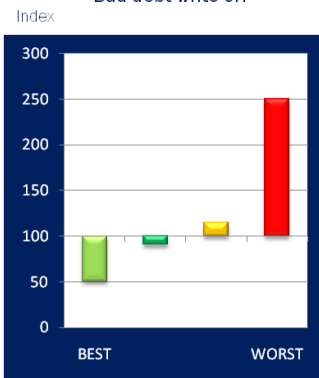
140% more likely to recover some outstanding payment from the best segment than the worst



Fast-track worst codes to DCA, focus resource on best

#### Home shopping

Bad debt write off



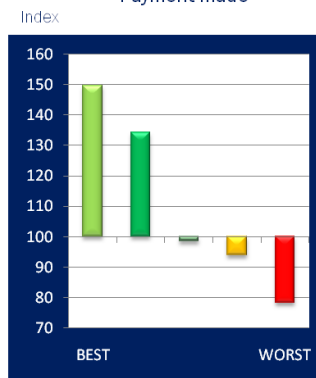
The worst segment are 400% more likely to be written off as a bad debt than the best segment



Pre-payment for the worst, installements for the best

#### Utilities

Payment made



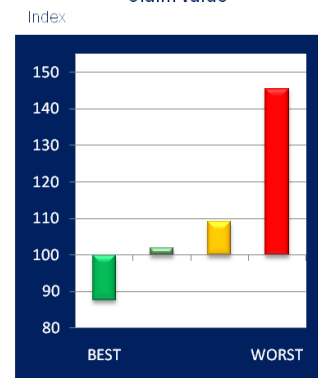
The worst segment are 91% more likely to default on their payments than the best segment



Install meters for the worst codes, quarterly billing for best

#### Insurance

Claim value



Worst segment will make a claim 45% higher in value than the average and 65% higher than the best segment



Setting pricing for premiums, high for worst, lower for best

**Examples of profit improvement for clients**

| Application | Solution  | Outcome   |
|-------------|---|---|
| Risk        | Motor insurance – predicting claims frequency & value                           | Riskiest 8% of prospects identified and priced out, resulting in 9% reduction in cost of claims and 25% increase in net revenue per customer. Loss ratio reduced by 1.6%. |
| Marketing   | Home shopping – predicting customer profitability                               | Across multiple recruitment channels, orders rejected from worst segments – profits increased by 35% and ROI by 26%   |
| Collections | Home shopping – TeleCollect – segmentation and tailored telemarketing scripting | 60% response to one of three payment options, collecting 46% of outstanding receivables with an ROI of 10:1   |



**Deployment options are flexible, secure and resilient**

For an increasingly fragmented media space, creating an expanding landscape for fraudsters to attack, Fraudscreen offers a set of deployment options to meet all your needs.

Whether you engage with your customers offline or online and regardless of your need to make decisions instantaneously or the next day, our solutions are designed to be non-intrusive, easy to deploy, secure and provide 24/7 resilience.

- Automated daily batch processing via client dedicated SFTP sites.
- Real-time processing via your call centre or website.
- Complete on-site client hosted solution.

**Put Fraudscreen to the test:**

To examine the commercial impact in your precise business setting, you can challenge Fraudscreen to a no obligation, data review. For this, you simply provide us a data file for which you know the payment or claimant outcomes, we then run our codes over the file to allow you to see how accurate our predictions would have been on that file.

**Call:** 020 7307 6196 | **Email:** sales@fraudscreen.co.uk  
**Visit:** www.fraudscreen.co.uk/proof/retro-test-request.aspx