

Outseer Emerging Payments™

Buy Now, Pay Later (BNPL) Installments Solution Brief

Seamless Fraud Protection for your BNPL Installment Programs

AT A GLANCE

Outseer Emerging Payments™ BNPL Installments solutions allow your customers to utilize your BNPL Installment programs to:

- **Enroll**
- **Shop & Pay, and**
- **Manage**

their BNPL Installment payments, seamlessly and securely.

Outseer's decades of industry leading identity science, machine-learning, and precision detection capabilities serve as a foundation for this new offering.

Outseer Emerging Payments BNPL Installments solutions allow issuers to grow their businesses by offering secure, innovative payments options to their cardholders.

Continuous authentication to protect the entire digital payments journey

Buy Now, Pay Later (BNPL) is one of the fastest growing payment options around the globe. According to Insider Intelligence, global Buy Now, Pay Later spend is set to hit \$680 billion in volume by 2025¹. As BNPL installment usage explodes, fraudsters are capitalizing on these trends.

This surge in BNPL programs and requirements exposes risks of increased fraud at numerous points throughout the digital journey. The most prevalent forms of fraud perpetrated in BNPL installment use cases are Synthetic Identity fraud and Account Takeover (ATO) fraud.

Synthetic identity fraud is a \$6 billion-dollar problem², and according to the FBI, is one of the fastest growing types of financial crimes³. ATO fraud growth has been fueled by the surge in data breaches in recent years, increasing 850% between Q2 2020 and Q2 2021⁴. Managing these increased threats as well as other fraud scenarios that can occur with BNPL installments, can be challenging, especially when trying to balance risk with maintaining a seamless user experience.

Outseer's BNPL Installments solutions are designed to address these and other fraud scenarios to provide continuous authentication throughout the digital payments journey. This includes end-to-end protection for cardholders at each step of the way – as they **Enroll**, **Shop & Pay**, and **Manage** their BNPL Installment program.

Through the power of machine learning, data science expertise, real-time risk scoring and identity assurance, Outseer helps you deliver seamless payment management programs that are easy to use, convenient and secure.

Authentic Customers®



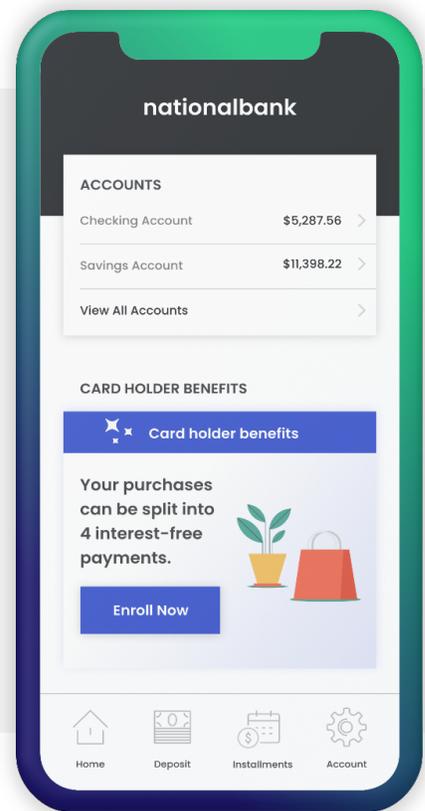
Securely Enroll Your Cardholders in your BNPL Installments Program

Using Outseer Emerging Payments™ BNPL Installments solutions, you can now securely enroll cardholders in your BNPL Installment programs. Leveraging tamper proof biometric facial detection capabilities to prevent fake accounts from synthetic and stolen identities and binding the digital identity with the physical identity during the enrollment process is key to mitigate synthetic identity fraud.

Outseer's solution provides access to FIDO2 and NIST 800-63-3 certified capabilities to perform identity assurance level 2 (IAL2) and certified authentication assurance level 2 (AAL2) identity proofing in combination with fraud detection and mitigation techniques. Once trust has been established, these biometric verification data elements can then be used to connect the user's identity in the BNPL Installments management program.

This solution allows issuers to:

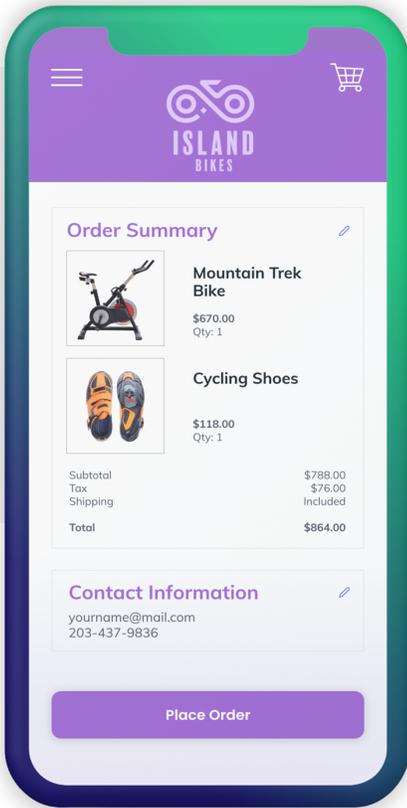
- Verify credentials such as a driver's license, passport and government issued ID cards in over 190 countries in accordance with W3C VC standards
- Use tamper proof biometric verification, via liveness detection to establish trust that the person presenting the ID is the owner of the ID and is who they say they are.



Information collected from scanned user data credentials is encrypted and stored within a private distributed ledger in accordance with the W3C DID standard. Once enrolled in your BNPL Installment program, this allows for a **secure, strong customer authentication** without the need to enter a password, enabling continuous and seamless authentication as cardholders manage their BNPL Installment payments over time.



Seamlessly Validate Payments When Your Cardholders Shop & Pay



Allow your cardholders to shop and pay digitally at any merchant who accepts payment cards. Use Outseer Emerging Payments™ solutions to protect against fraudulent card use and CNP fraud.

Outseer's advanced anti-fraud and payments technology capabilities and deep understanding of card-not-present (CNP) digital commerce, provide a solid foundation to help customers harden their defenses against CNP fraud.

Outseer BNPL Installments solutions provide additional layers of protection for digital payments through the use of the Outseer Risk Engine™. The Outseer Risk Engine assesses the risk associated with different types of digital payments such as CNP transactions that are processed through the EMV® 3-D Secure ecosystem.

The Outseer Risk Engine, through its precision detection capabilities, analyzes 100's of data elements and uses predictive algorithms to detect and prevent fraud before it occurs. These different fraud indicators, can be used to evaluate the risk of a transaction in near real-time and produce a composite risk score. Users are authenticated transparently, with much of analysis and checks happening in the background in order to maintain a seamless customer experience for your genuine customers.

The risk engine combines rich data inputs, machine learning methods, and case management feedback to provide accurate risk evaluations to mitigate fraud. The Outseer Risk Engine uses an advanced machine learning statistical approach in calculating the risk score. This approach looks at the conditional probability of an event being fraudulent given the known facts or predictors. All available factors are taken into consideration, but weighed according to relevance, so that the most predictive factors contribute more heavily to the score. The predictive weighting calculations are updated daily based on the feedback from case management and authentication results.

In addition, issuers can utilize additional data elements such as: compromised cards feeds and insights from the Outseer Global Data Network™ to support enhanced decisioning. Outseer Global Data Network, among the first of the contributory data consortiums for fraud prevention that amasses risk signals from across thousands of Outseer customers and partners, also contributes millions of data points of intelligence including information on confirmed fraud from different organizations



Holistically Protect Cardholders as they Manage their BNPL Installment Plans

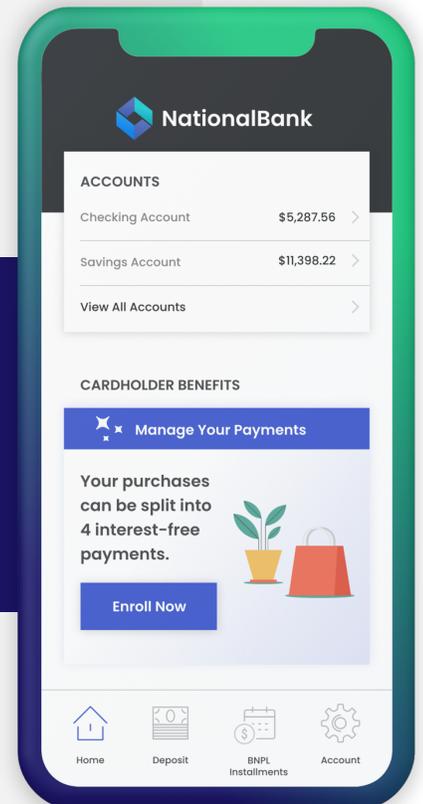
Allow your customers to easily and securely manage their BNPL Installments accounts, select installment plans, confirm funding sources and pay installments. Use Outseer Emerging Payments™ solutions to employ advanced ATO fraud protection capabilities and to detect and shutdown fake portals imposing to your BNPL management portal to try and harvest your cardholder's credentials.

The ability to accurately distinguish between a genuine customer and a fraudster who uses stolen credentials is key to stopping fraud. Outseer BNPL Installments solutions provide capabilities to assess the risk associated with the user activity based on device telemetry, user behavior profiling and indications from the Outseer Global Data Network, to holistically protect cardholders as they manage their BNPL Installment payments and plans.

Allow cardholders to manage their BNPL Installments accounts, select installment plans, confirm funding sources and pay installments. Use Outseer Emerging Payments™ solutions to employ advanced ATO fraud protection capabilities.

Outseer BNPL Installments solutions also employ techniques to assess the risk from the point of login within an online or mobile banking app, through to all post-login activities a user would engage in to manage her or his BNPL Installment payments and program account. Outseer continuously authenticates the user across all the different stages of the digital journey and assesses the risk associated with each digital interaction and transaction.

When managing BNPL Installment payments and confirming account changes, cardholders can benefit from conveniently using the same biometric and passwordless authentication methods as used for your program enrollment. These FIDO2- and NIST 800-63-3 certified capabilities ensure the most efficacious, precision protection while maintaining a seamless experience for end users. These next generation, multi-factor authentication options can also be used for those instances when an additional authentication step-up is may be required, such as for higher risk activity or activity that violates an organization's policy.





Confidently Enable Secure Growth of Your BNPL Installments Program

Outseer's BNPL Installments solutions allow you to confidently deliver your BNPL Installment programs, utilizing some of the industry's strongest fraud protection capabilities while maintaining a seamless experience for your customers, every step of the way.

Outseer helps issuers confidently:

- Roll out a convenient, secure and innovative BNPL program for your customers
- Increase fraud detection across the entire customer digital payments journey as your customers **Enroll, Shop & Pay**, and **Manage** their BNPL Installment plans and payments
- Increase your customers' loyalty and trust, leading to higher revenue

Outseer Emerging Payments™ continues to build on Outseer's established reputation as a pioneer in science-driven innovation. Designing digital identity-centric, payments and fraud management solutions that give you the foresight to **confidently accelerate your business.**

Sources:

¹Insider Intelligence, Nov. 2021

²cnbc.com, Jan 2020

³Forbes.com, May 2021

⁴Sift Q3 2021 Digital Trust & Safety Index, 2021



About Outseer

Outseer empowers the digital economy to grow by authenticating billions of transactions annually. Our payment and account monitoring solutions increase revenue and reduce customer friction for card issuing banks, payment processors, and merchants worldwide.

Leveraging 20 billion annual transactions from 6,000 global institutions contributing to the Outseer Data Network, our identity-based science delivers the highest fraud detection rates and lowest customer intervention in the industry. See what others can't at outseer.com