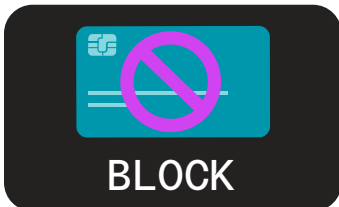


Transaction Risk Strategies

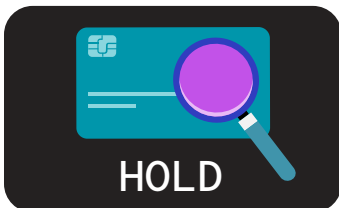


Payrix uses a risk-based approach to detect, monitor, and to reduce uncertainty associated with payment processing. These strategies allow Payrix to provide comfort to Partners and Merchants when they are conducting daily business. Our technology and architecture uses hundreds of different data sources to manage risk both at the portfolio and account level and to drive real-time decisions for transaction monitoring.

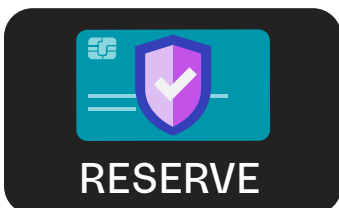
Transaction Monitoring related rules in the Payrix portal have 3 separate actions depending on the level of mitigation



“Block” will prevent certain actions from occurring. A block could stop transactions from processing, funds from exiting, or prevent all transactional activity on the merchant account. A block is typically placed when the activity is believed to be too risky to continue or requires additional verification before it can continue.



“Hold” will be used when a transaction requires a manual review. This can occur if the transaction amount exceeds the amount that was previously approved during onboarding or if the account is experiencing unusual or unexpected activity. From time to time, the Risk team will request supporting documentation or information.



“Reserve” is used as a safeguard to prevent unplanned chargebacks or returns. When there is a reserve on an account, the merchant can continue to transact but will not have access to the funds in the reserve until the risk of chargeback or return has passed.

High Level Rule Set

- Transaction Amounts
- Velocity Checks
- Decline frequency
- Duplicative use of Cards
- Card Security (CVV) and Address (AVS) Checks
- Non-offsetting refunds
- Maximum refunds
- Daily Disbursement Amounts
- Daily/Monthly Processing Limits

Monitoring Activities

- BIN Concentration
- Explosive Growth/Bust Out
- Chargeback and Return Rates
- Reactivate after Inactive Period
- Card Testing

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