

Risk Management

Risk Management Overview

Money is a social issue and a matter of trust between consumers and the institution charged with ensuring the security of their accounts. PSCU's commitment to leading the industry in fraud detection and prevention helps credit unions honor their promise to members by safeguarding their accounts.

However, Risk Management runs deeper than fraud prevention. Credit unions also must minimize the risk of financial loss in their portfolios from disputed transactions, delinquent accounts and accounts that are reported lost or stolen. PSCU addresses all four of these pillars in a comprehensive Risk Management practice.

Comprehensive Risk Management practices reinforce member trust and protect credit union profitability.

Category Summary

PSCU's Risk Management capabilities provide Owner credit unions and their members with four key pillars of protection against losses from fraud, lost/stolen accounts, disputed transactions and delinquent accounts. Comprehensive Risk Management practices reinforce member trust and protect credit union profitability.

- **Fraud Detection and Prevention** – *Our experienced team of fraud detection analysts continuously evaluates all PSCU Owner fraud-to-loss ratios and works with credit unions that have high ratios to find ways to lower fraud.*
- **Lost/Stolen Processing** – *Credit union members can report their accounts lost or stolen any time by calling our 24/7/365 Total Member Care contact centers or by logging into their account online.*
- **Collections** – *PSCU's Collections Solutions are proven tools for reducing overhead and losses for credit unions. We've got the stats to prove it – 1% delinquency vs. 2% industry.*
- **Disputes Management** – *PSCU's highly trained and experienced dispute staff deliver the expertise required to efficiently process disputed credit and debit transactions.*



All the Right Tools

The most effective Risk Management programs combine technology, data, collaboration and industry best practices to fight fraud and mitigate risk across the range of a credit union's account base.

- **Defense Edge** – The most advanced real-time neural network technology, which incorporates cardholder, merchant and transaction information to help credit unions avoid potential fraudulent activity and losses.
- **Analytics and Data** – PSCU maintains 18 months of cardholder transaction data that its fraud strategies reference when scoring authorization requests for the likelihood of fraud. This longer “look-back” provides a more complete picture of cardholder and merchant behavior and helps to minimize false positives.
- **Fraud Scoring** – A tactic for estimating the probability of fraudulent activity associated with each authorization; the software will adjust the fraud score, both positively and negatively, based on the historic trends and using both cardholder and merchant profiles. The higher the score, the greater the probability of fraud.
- **Fraud Detection Work Center (FDWC)** – A subsystem utilized by PSCU's four 24/7/365 contact centers to review and take action on potentially fraudulent authorization requests identified by the fraud strategies.
- **Security Alerts** – PSCU's communication practices around reported fraud and data compromise events keep credit unions informed of the scope and impact of such events and the steps PSCU takes to mitigate potential losses from fraud. We continually monitor fraud trends in the industry and keep our Owners informed at all times.
- **Automated Fraud Alerts** – Text alerts provide members with valuable knowledge about potential fraud situations while they're on the go; auto-dialer technology lets our fraud analysts deliver fraud-related messages to more members and with greater speed.
- **Innovation** – PSCU enables Owner Credit Unions enhanced security through EMV Chip Cards and Tokenization. EMV with enhanced security of the chip-enabled card at the point of sale while Tokenization improves security by eliminating the risk of exposing personal account number during card not present transactions.

Additional risk management tools are available to help credit unions execute sound and compliant strategies relative to pricing, credit line increase/decrease, plastic reissue periods and more.

Flexible Fraud Strategies

PSCU's Risk Analytics team identifies fraud trends and translates those trends into a rules-based environment for credit unions' card strategies. The fraud strategies are designed and managed from the global PSCU level down to the individual credit union and/or program level. We monitor confirmed fraud trends and design the most effective detection strategies to minimize fraud claims and losses.

We obtain the data that informs our fraud strategies from a variety of sources. We closely monitor the confirmed fraud cases, comb through the compromised card incident reports from Visa and/or MasterCard and often partner with various networking sites and financial institutions to mitigate fraud losses on behalf of our Owner Credit Unions.

Lost/Stolen Account Processing

PSCU's Total Member Care Contact Center is staffed 24/7/365 so members of credit unions using this service can report their accounts lost or stolen any time. Representatives authenticate the cardholder and then take the appropriate steps to status the account lost/stolen. We also identify any fraudulent transactions during the call and make sure a fraud case is opened and worked. Depending on the level of member support selected by the credit union, PSCU can also coordinate the lost/stolen reissue process. Members can also log into their account online and report their card lost or stolen, and have the card shut down automatically.

Once fraud has been reported on a lost/stolen account, our Fraud Management Department streamlines the process of fraud research and investigation for our Owner Credit Unions.

Effective Collections Builds Relationships

Credit unions have unique relationships with their members – our collections professionals understand and respect those relationships. We use a credit union-friendly approach when discussing this sensitive topic with your members. Using risk scoring models, PSCU is able to identify delinquent accounts that have a higher propensity to become more severely delinquent and adjust our collection strategies accordingly. Our team secures urgency payments on over 55% of all right-party connections and by calling days, nights and weekends. We average 500,000 outbound calls each month.

Disputes

PSCU provides mechanisms to process chargebacks in a full service environment for Owner Credit Unions – meaning there is no need for integration with the core system, no paperwork for the credit union to manage, and nothing to support with regard to chargeback dispute processing. We accept full liability for our processing, so if we make a mistake we absorb any related losses.

Our dispute analysts process over 100,000 work-cases each year and score an overall quality rating of 91.6%. The average tenure of our skilled analysts is over eight years.

Built, Owned and Governed by Credit Unions

In 1977, five credit unions came together to form PSCU to leverage their buying power to offer credit cards to their members and compete with banks. Today, PSCU's collective scale affords credit unions access to an expanded range of world-class payment platforms and solutions. Our collaborative model gives credit unions direct influence over the development of payment products and solutions that help them compete and grow. Just as it is for our member organizations, service is the foundation on which PSCU was built. PSCU returns earnings as patronage dividends to our Owners and measures our value exclusively by the success of our Owners and the mutual obligation we share in delivering products and services that exceed the expectations of the over 37 million credit union members we all serve.

Solutions and Services

- Advisors Plus
- Bill Pay
- Business Solutions
- Call Center
- Credit
- Data and Analytics
- Debit/ATM
- Digital Payments
- Integration Services
- Lending and Account Opening
- Loyalty
- Marketing
- Member Engagement
- Mobile
- Prepaid
- Risk Management
- Strategic Consulting
- Training

PSCU welcomes the opportunity to assist your credit union. For more information, please contact your Account Executive or call 844.FOR.PSCU (844.367.7728) and press 1 for Sales, or email us at moreinfo@pscuh.com.

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