

# Win the battle against direct debit fraud in Germany

acdc-Pool: The leading blacklist in the adult-biz



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## The leading blacklist in the adult - biz

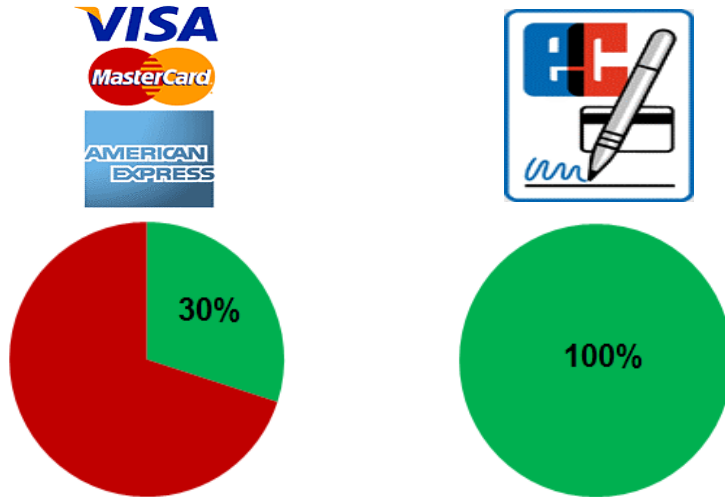
We are from atriga, a debt collection agency in Germany.

My colleague Christoph Ruoff, Head of Business Development and myself,

Senior Key Account Manager. My name is Bernd Heimer and I am in the invoice management business over 10 years.

Today we will introduce our blacklist for direct debit in Germany (Rücklastschrift-Pool)

## Use of Credit Card vs. Direct Debit in Germany



Different countries – different payment methods

USA: Credit-Card, South-America: Check,

Germany: Bank-Transfer and Direct Debit

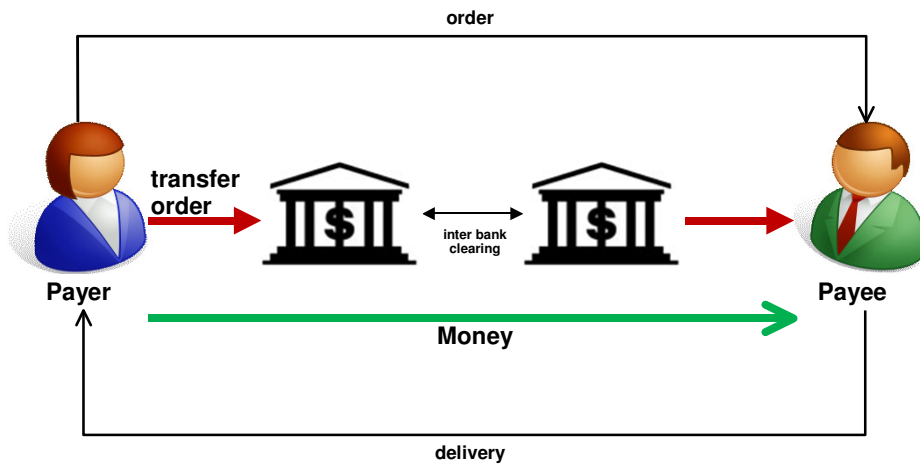
Do you know the spread of CreditCards in Germany? What do you guess?

Only 30% to 50% have a CreditCard and customers are little disposed to use it.

Why? Everybody has a Bank-Account and it is much easier and cheaper to pay per direct debit.

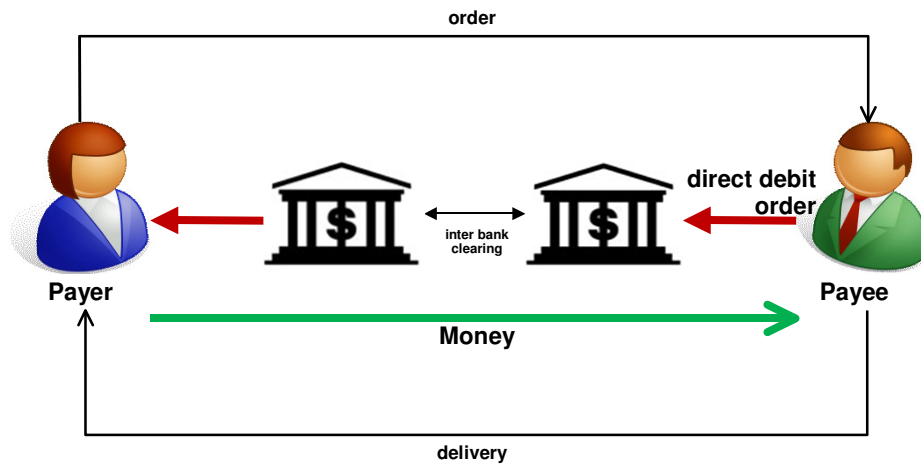
Direct Debit (Lastschrift) is a very common practice of payment in Germany both for regular payments of uncertain value (like the monthly phone or utility bill) and one-off payments like a catalogue or internet order.

### Bank Transfer



You all know how a Bank-Transfer works. The payer instructs his bank to debit his account and to send the money to the beneficiary.

## Direct Debit



Here the Payee instructs his bank to debit the clients account !!!

The only need is that the payer instructs the beneficiary to debit his account. Neither the payers bank, nor the payees bank is informed!

## Direct Debit Order – Offline

**Einzugsermächtigung** Wir sind für Sie nah. 

Bitte füllen Sie alle Felder deutlich und in Druckbuchstaben aus und senden uns dieses Formular per Post an Energieversorgung Offenbach AG, Kundenbetreuung, Kundencenter 71, 63067 Offenbach oder faxen es bequem auf die 069/9000-1829.

► **KUNDENDATEN / LIEFERADRESSE** (\*Pflichtangaben)

EVO-Kundennummer  Vertragskontonummer  Registergericht / HRB-Nr.  Zähler-Nr.

Name, Vorname bzw. Firmenname, Rechtsform \*  Geburtsdatum \*

Straße \*  Haus-Nr. \*

Postleitzahl \*  Ort \*

Telefon  E-Mail

► **RECHNUNGSADRESSE** (falls abweichend von der Lieferadresse)


Straße  Haus-Nr.


Postleitzahl  Ort

► **EINZUGSERMÄCHTIGUNG**

Ich nehme am bequemsten Einzugsermächtigungsverfahren teil und ermächtige die Energieversorgung Offenbach AG, die jeweils zur Zahlung fälligen Beträge bei nächstehendem Kreditinstitut einzuziehen.

BLZ  Kontonummer

Kontoinhaber   Unterschrift des Kontoinhabers

 Unterschrift des Kunden + Firmenstempel

Ort, Datum

This is an example how to authorize your energy provider (utility) in written form to debit your account with the monthly down-payment. “You are authorized to debit my account.”

## Direct Debit Order – Online

**Einzugsermächtigung**  
Der EVL-Online-Service für Sie

KlimaAktiv  
EVL-comfortCARD  
BusinessPARTNER  
Online-Service  
Info-Broschüren  
An- Um- Abmeldung  
Zählerablesung  
**Einzugsermächtigung**  
Service zum Thema  
Energieausweis  
Telefonnummern

Sehr geehrte Kundin, sehr geehrter Kunde, die Einzugsermächtigung ist der einfachste Weg der Zahlungsregulierung. Mit diesem Formular haben Sie die Möglichkeit, uns Ihre Bankverbindung schnell und unkompliziert mitzuteilen.

**Einzugsermächtigung**  
Damit wir die Angaben richtig zuordnen können, bitten wir Sie, die Eingabefelder vollständig auszufüllen.

Kundennummer:  Kontonummer:

Vertragsnummer:  Name des Kreditinstituts

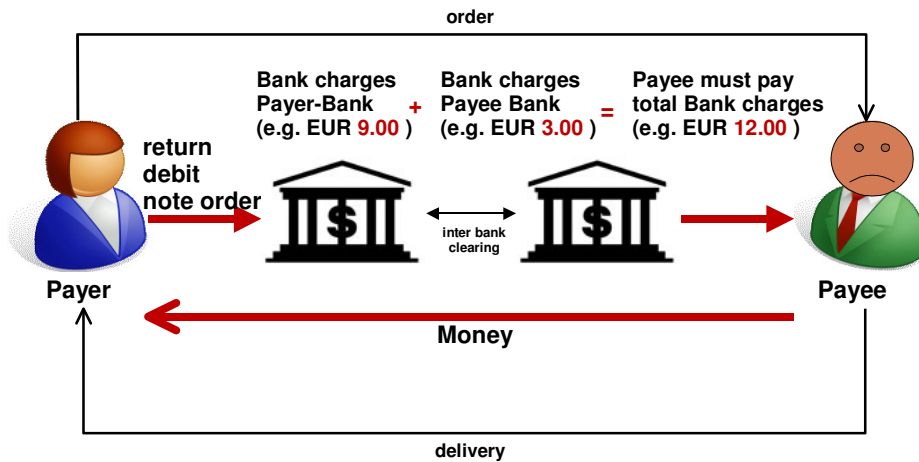
Name, Vorname:  Bankleitzahl:

E-Mail:  gültig ab:

Verbrauchsstelle:

Online it is even easier, because you just transmit it “per click” without signature. You use your account number like a CreditCard...

## Return Debit Note Order



In the “CreditCard-World” we speak about chargebacks.

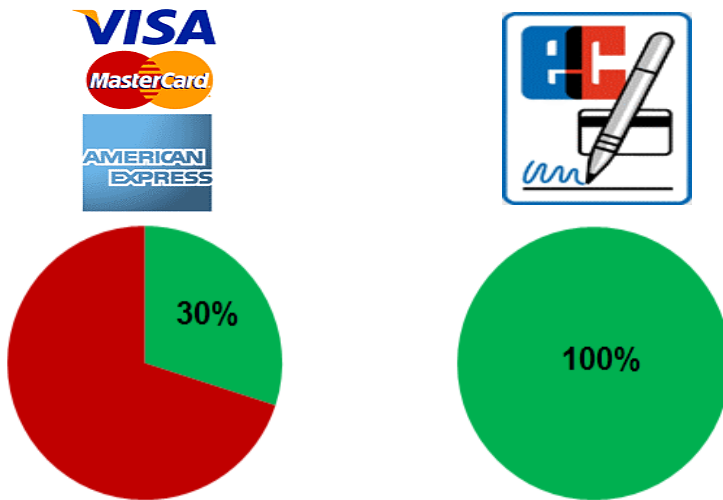
Let’s talk about “Return Debit Note Orders”.

As the payer's bank is not involved, it can not check the payee's authorisation, so other safeguards are required. This typically means that the payer can instruct his bank to return any direct debit note without giving a reason. An account holder has a right to reject direct debits for up to 6 weeks after the transaction, with no justification required.

Besides this customer rejection, a direct debit can be reversed due to "insufficient funds" or "invalid account" conditions.

The payee then has to pay all fees for the transaction (which can be hefty for returned direct debits (e.g. from EUR 3.00 to EUR 9.00 per refusal)). However, it still requires all account holders to watch acc. statements and request returns if necessary.

## Use of Credit Card vs. Direct Debit in Germany



Why is this method so popular within Germany?

Compared to payments by credit cards, which allow similar usage, bank fees for successful collections are much lower.

Direct Debit allows quick and easy payments, and it is suited even for one-time payments. A customer might just give the authorization at the same time he orders goods or services from an organization.

These one-time payments and revolving payments for monthly member-fees are typically in the adult biz and therefore highly used – even the risk for the Provider is high. Return debit notes in the range of 10% to 20% are normal.



atriga maintains a “Return Debit Note Blacklist” in realtime:

acdc (account check direct control).

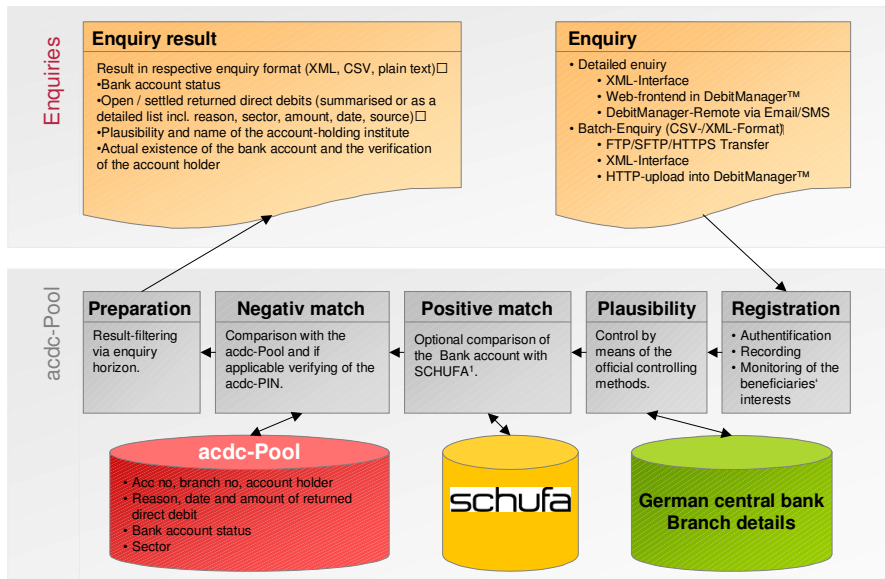
At the time a consumer provides his account and bank-number to the payee, the merchant does not know whether there is enough money in the account and there is a high risk of a return debit note.

We also realized a so called “Provider-Hopping”. If a client is blocked due to a return debit note, the next cam-girl is just one “click” away...

As there was no general eCommerce-blacklist, atriga developed the acdc-pool and is now the leading institution in the adult-biz to avoid return debit notes.

How does acdc work?

All of our debt collection clients/merchants provide us with their return debit notes details. It is an open pool. Lots of companies in the adult-biz share their “chargebacks”.

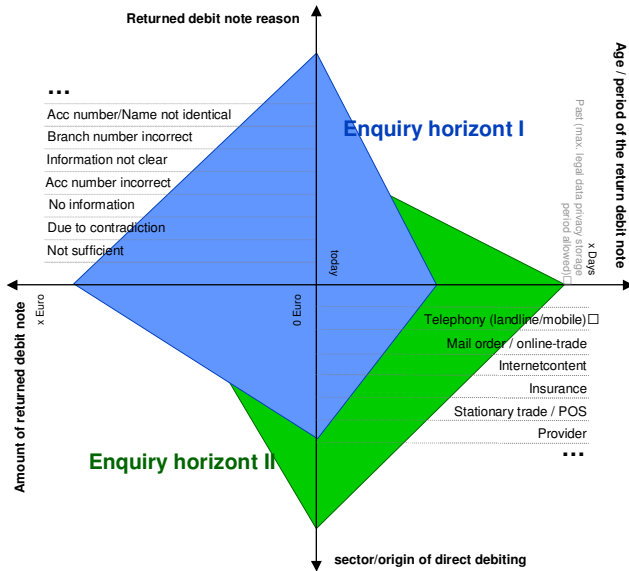


<sup>1)</sup> According to SCHUFA terms

During the clients registration process the merchant transmits the account number and the bank number to atrigas acdc-pool.

No Name, Address or other details are requested! Only account number and bank number.

We verify your input against our pool. In any case the actual existence of the bank account (green) is checked. Optionally the verification of the account holder (yellow) can be checked via an additional enquiry.



With a response under one second we deliver a detailed answer for a decision:

(not only yes or no, red or green)

- number of returned debit notes
- returned debit note reason
- age / period of the returned debit note
- amount of each returned debit note
- industry of the transaction (telecommunication, adult, utility,)

These parameters can be adjusted by the merchant and lead to an automatic decision.

The average hit-rate 13% and more!

**Savings with the acdc-Pool***Business case*

Customer Example:

Request period: 10.2008 – 04.2009 (7 Months)□

Number of Enqu.: approx. 190,000 Enquiries

Negative potential: approx. 13% at average

Negative hits: approx. 24,700

In EURO:	EURO	EURO	EURO
Bank charges:	3.00	5.00	6.00
Cost savings:	74,100	123,500	148,200
p.a.:	127,000	211,700	254,000

What does this mean in Euro?

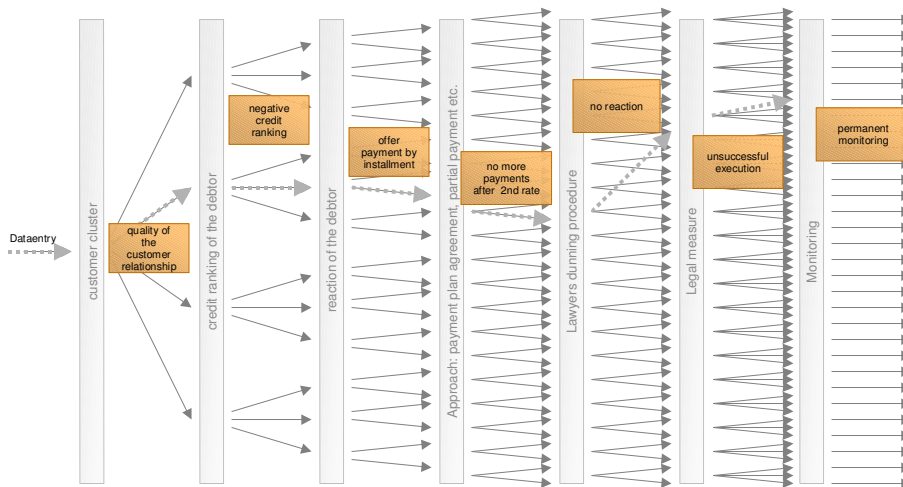
One of our clients gave us his figures of 7 months:

190,000 enquiries, (see above slight)

It is a mutual Pool. That means only Companies providing atriga with return debit notes data are allowed to receive information from the acdc-pool.

Do you have questions to the pool?

## Event-driven collection procedure



atrīga: The Debt Collection Agency

Due to our own IT-development we have the “state of the art” collection procedure!

Personalized, and individualized process flow.

We call it “event-driven collection procedure”

Normally you have a dunning letter, two weeks later a phone-call, then a lawyer is involved, followed by legal steps. Standard...

Our system takes new decisions before every event.

For example: We ask a credit agency for a credit-check. The results are used to initiate the second dunning-letter. Another example: After negotiating payments by installment, we remember the debtor to pay his rate per SMS on his cell-phone.

You may imagine that these personalized steps increase our (and your) success-rate...



atrīga

your direct debit



+



+

atrīga

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Only the right combination of payment methods, fraud-prevention-tools and debt collection guarantees budgeted sales and results.