



# Instant Direct Payments (IDP)

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# The Only True Alternative Card Payment Rail

Instant Direct Payments is a new category defining technology that guarantees an increase in acceptance rates, lowers processing costs and eliminates chargebacks on all Visa and Mastercard debit transactions. This is not an additional payment option, chargeback mitigation tool, transaction routing/optimization or any existing technology. It is the first true instant payment rail in the United States, currently covering 99.5%+ of debit card holders.

## What can Instant Direct Payments

### Do for my business?

#### Reduced Processing Costs



Partnering with Visa/Mastercard and leveraging their authorization network, we have derived a proprietary alternative payment system which reduces overall transaction related expenses such as interchange and costs associated with fraud.

#### Fraud Chargebacks Vanquished



IDP removes chargeback risks for all Visa/MC debit transactions regardless of merchant risk profile. Eliminating all associated liabilities (including RDR losses) while mitigating the human capital cost required to manage them.

#### Funds In Minutes Instead of Days



Money moves with fewer steps, avoiding the maze of traditional payments. Transactions can be settled instantly or batched throughout the day based on the merchants preference with no holdbacks or reserves.

#### Simple integration - No Major Changes

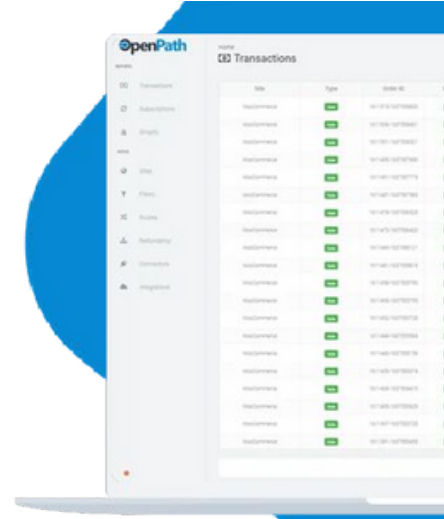


IDP layers on top of the checkout flow leaving the customer experience unchanged. This allows merchants to keep their existing technical stack and payment partners while tapping into the benefits of this technology.

# IDP Product Economics

Our IDP solution is designed to cater to businesses of all sizes and risk profiles. No matter where a merchant lies on the spectrum, they will see a significant positive impact on their bottom line.

The measurable cost reductions are shown in our economics chart below. But that's not all – merchants also benefit from less obvious savings, like the reduced human capital cost of managing chargebacks and RDR refund losses.



## Here's What IDP can do for your **Bottom Line.**

| *These are estimates only. Actual rate will always be lower than your current rate. | Current Scenario | Instant Direct Payments |
|---|------------------|-------------------------|
| Topline Revenue   | \$25.0M          | \$25.0M                 |
| Debit Transactions (55%)  | \$13.8M          | \$13.8M                 |
| Savings in Processing Fees (%)  |                  | -0.20%                  |
| Savings in Processing Fees (\$)   | \$0.0K           | -\$27.5K                |
| Average Order   | \$200            | \$200                   |
| Cost per Transaction  | \$0.10           | \$0.10                  |
| Number of Transactions  | 68.8K            | 68.8K                   |
| Total Transaction Cost  | \$6.9K           | \$6.9K                  |
| Average Chargeback For Fraud  | 1.00%            | 0.00%                   |
| Fraud Chargeback Costs  | \$137.5K         | \$0.0K                  |
|   |                  | <b>Net Savings:</b>     |
|   |                  | <b>\$165.0K</b>         |

We've based our assumptions on the estimated total gross merchant processing for both credit and debit transactions.

To get a clearer picture, we reduce this total to 55%, reflecting the average percentage of debit versus credit transactions in e-commerce. From there, we project the savings for both chargebacks and processing fees.

# Same Payment Options. Better Debit.

Integrating IDP doesn't mean adding an additional payment option or replacing any of the existing ones. It's designed to work in unison with the merchants current systems, processing partners and checkout flows.



Customer enters card details at checkout



**IDP**

IDP determines if it is a credit or debit transaction



IDP instantly evaluates and processes eligible payments.



All remaining ineligible or declined transactions pass through the merchants pre-existing payment channels. (Customizable)



Real Time Transaction c. 2.0 seconds

# Optimize without the Overhaul



## Customer Behaviour Remains the Same

·Customer enters debit card details at checkout. Only IDP eligible transactions are identified and then processed on our rail.



## Two Bites at the Apple

·All remaining ineligible credit/debit transactions are instantly passed to your traditional processing channel. Acceptance rates can only improve.



## Proactive Security

·Eliminate fraud risks entirely on transactions processed through IDP. No RDR costs, additional fees or CB ratios to sweat.

## High tech - Low Touch Integration

There are two ways to integrate Instant Direct Payments to a custom checkout, the Open Elements or Direct API. Both allow for multiple traditional MIDs to be managed simultaneously and can be routed according to merchant preference. We however recommend the Open Payment Element for its ease of integration and breadth of features. These modular screen components are displayed with a few lines of JavaScript and will connect directly with the Instant Direct Payments system. Our UI design, architecture, and payment metrics expertise are all available through the Open Payment Element in addition to IDP. This unlocks over 200 integrations with all components being pre-certified to meet bank compliance rules and PCI Level 1 regulations.

## Platform or Custom - We've got you Covered

IDP is attracting major players across industries. Our cutting-edge solutions are resonating with household names eager to transform their payments.

The Pipeline Speaks. Be among the first to experience IDP's transformative potential. Join our growing list of merchants increasing their conversions and growing their bottom line within these platforms:





# Instant Direct Payments FAQ

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## **1.) Does IDP integrate with my existing technical infrastructure?**

For custom merchants it's as simple as plugging in our universal element which constitutes a couple lines of code. This is done by our integration team and does not require any heavy lifting on behalf of the merchant.

All existing customer checkout flows will remain intact. The only prompt to the customer is a text message to confirm their purchase.

## **2.) Does this integration change my existing customer checkout flow or require me to switch processors?**

IDP was designed to work in unison with your current checkout flow and acquirers by sitting on top of your process, not replacing it. Our technology is able to delineate whether the card details entered belong to a debit or credit card. If it identifies Visa/Mastercard debit we are able to process 99%+ of cards in the United States.

If it is a credit card or if for any reason a transaction is declined by IDP, it is passed through your existing processors and the customers won't notice any difference. This means in addition to all the benefits IDP offers we also provide two bites at the apple and approval rates can only improve.

## **3.) Is this a workaround? Did Visa/Mastercard give their blessing?**

This is not a workaround or an amalgamation of existing so-called "real-time" payments solutions that require the customer to login to their bank account or leave the checkout flow.

IDP was built with the blessing of Visa/Mastercard in order to mirror the existing customer experience. The transaction is pulled onto our own proprietary rail and the transaction is completed in real-time.

## **4.) How does IDP verify customers?**

Through our combination of best-in-class identity verification tools and proprietary internal processes, IDP is able to confirm exactly who the customer is on every transaction. The data points we are able to draw far outstrip that of any existing acquirer, which allows us to provide merchants with the security of a chargeback-free experience.

# Instant Direct Payments FAQ

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## **5.) Is my customer data protected and what shows on their statement?**

IDP is fully PCI compliant, utilizes double encryption and never stores or has access to any customer data. On the customer's statement they will see \*\*\*\*Pay\*MERCHANT\*.

## **6.) How does IDP eliminate fraud and chargeback risks?**

The transaction takes place on our own proprietary rail and disputes are handled internally. Unlike the traditional process which heavily favors the cardholder, IDP takes a common sense approach. Since we are able to verify the customer, the bank account and the device on every transaction there are no fraud codes on our rails.

The customer is only protected in situations such as double charges or if a product fails to be delivered as described. It must be proven in every instance and is more of a refund than a chargeback with no financial penalties or ratios for the merchant to worry about.

## **7.) Is this tokenized?**

Once a customer has made a purchase at any of IDP's existing partners (or your store), their card and shipping details are tokenized. When they return to any store in our network they receive a seamless experience similar to shop pay.

All they have to do is enter their phone number in checkout and their card and shipping details will be automatically populated. The same customer verifications still take place but the customer gets a one-click checkout.

## **8.) Is this truly a real time transaction with funds immediately available for deposit to a merchant bank account?**

Yes. IDP does not "instantly authorize", this truly is a real-time transaction that can be deposited in one minute, each hour or daily. This is entirely up to how the merchant would like to batch payouts and can be controlled in their IDP administrative backend. There are no holdbacks or reserves.

# Instant Direct Payments FAQ

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**9.) How can IDP offer such significant savings on my processing fees?** Unlike other processors, the transaction itself is happening on our own proprietary rail and because of that we are able to eliminate chargebacks and interchange costs that all other processors are subject to.

**10.) How are we different from other so called real time solutions available in the market?**

There is nothing like IDP in the marketplace today. Other solutions leverage clunky ACH checkout tools that are not truly real-time, require invasive customer bank logins and a separate payment option.

IDP is the only true real-time payment solution for e-commerce that does not require a bank login at checkout. We are able to securely and instantly complete the transaction in real-time, on our own proprietary rails via the same checkout process your customers are used to.

The customer will notice no difference, and the merchant will see real savings, less chargebacks and an increase in approval rates.

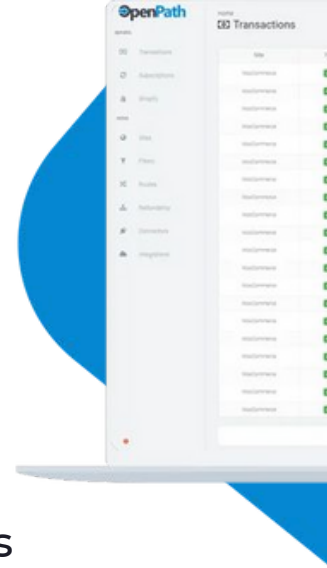


# Decline Recapture

Recover up to 30% of your  
declined transactions

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# \$500Bn in sales are lost per year due to payment declines



The average CAC in e-commerce is \$70. So not only is the net benefit of the potential customer LTV lost but so is the marketing spend.

Less than 15% of declines represent actual fraud. The remaining 85% of declines could be successful sales and should be opportunities to retain a lost customer.



On average, businesses lose 12% of sales due to payment declines.



For every fraud prevented, 8+ good sales are declined.



The rules for why a card is declined are highly complex with millions of possible outcomes between merchants, issuers, card brands and processors. Resulting in arbitrary declines that hurt every merchant's bottom line.

# The **ONLY** post-authorization solution



## **Decrease Declines & Increase Revenue**

OpenPath's "Decline Recapture" solution will save up to 30% of those declined transactions recovering that lost revenue for you.



## **Lower CAC & Increase LTV**

You pay good money to acquire customers, don't let it go to waste. OpenPath helps you convert more customers at the very bottom of the funnel, lowering your CAC and increasing your LTV.



## **Only Pay on Recovered Revenue**

There is no monthly fee for this service, you only pay a percentage for transactions that are recovered - transactions that would have otherwise been lost on unwarranted declines.



## **Frictionless Real-time Transaction Flow**

This solution does not affect the customer checkout experience whatsoever. Customers whose transactions are rescued by our solution receive their product or service as if their original payment transaction was successful.

# Recover Over 30% Of Declined Transactions



Custom purchase is declined by Credit/Debit Card processor



Merchant automatically sends decline to OpenPath in real time



OpenPath instantly evaluates and confirms if it will purchase the transaction

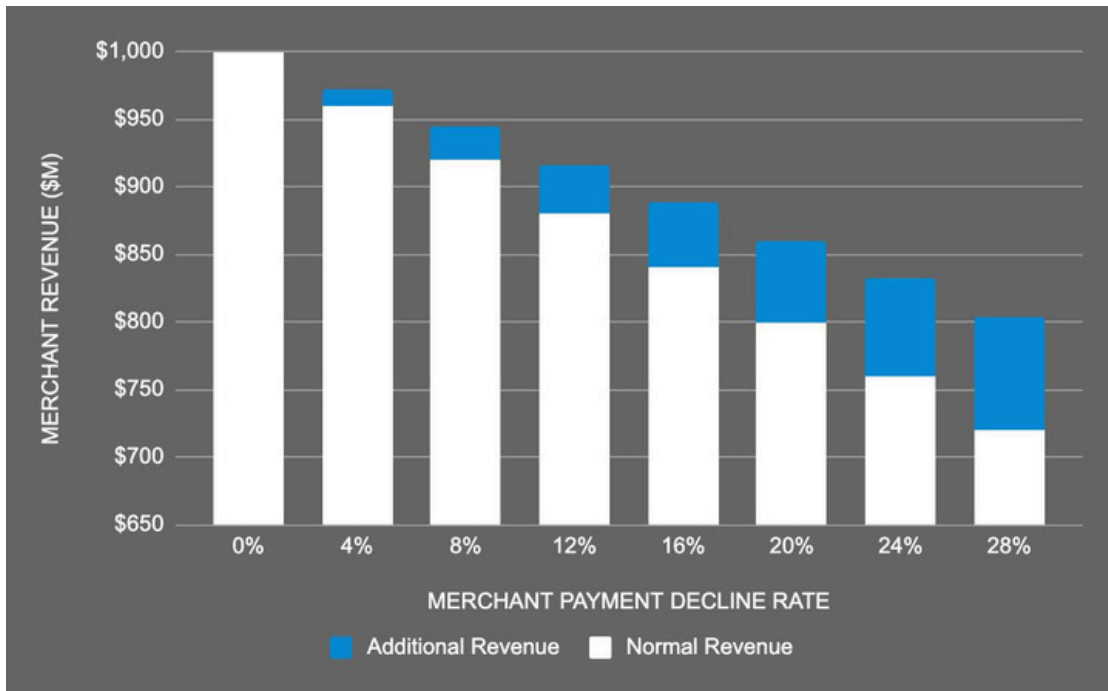


Merchant automatically confirms purchase to Customer and delivers the product or service

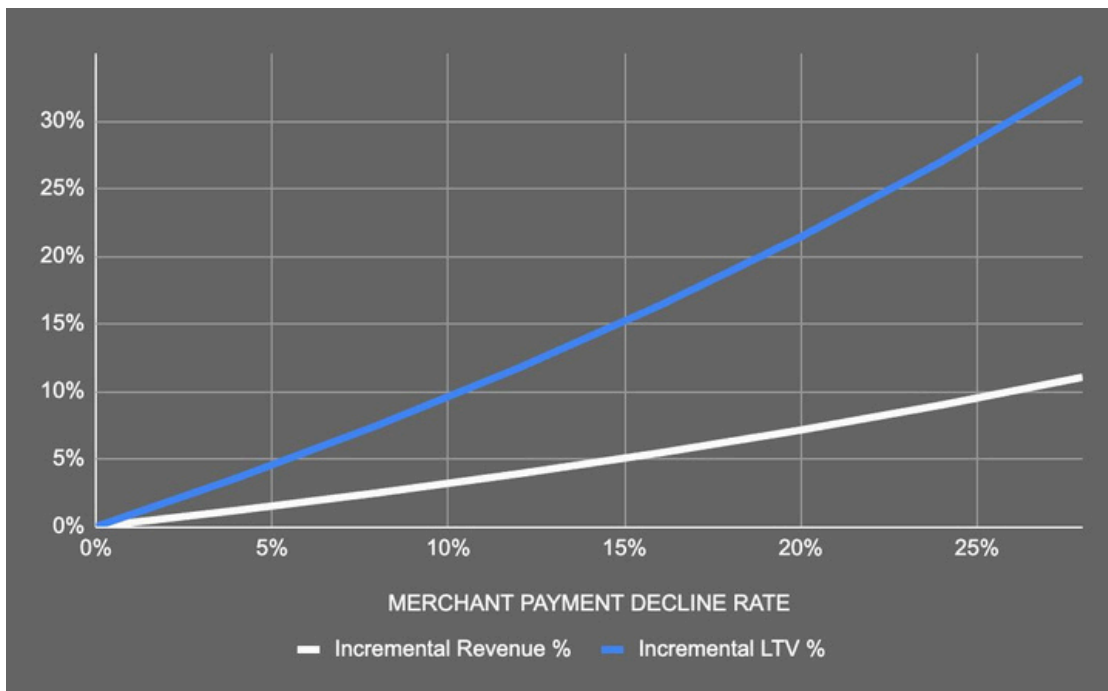


Real Time Transaction c. 2.0 seconds

# Inside The Numbers



A merchant loses anywhere from 8% to 20% of their sales due to payment declines.



An average customer will transact 2-3 times on a website. For subscriptions the numbers are much higher.

# The Bottom Line

With OpenPath Decline Recapture, your declines can drop by over 30%.

Revenues can grow by **4-10%** LTV can grow by **10-20%**

## Sample Merchant Illustration



|                      |         |
|----------------------|---------|
| Annual Sales Volume: | \$25M   |
| Decline Rate:        | 15%     |
| Lost Sales:          | \$3.75M |
| # Txns / Customer    | 4x      |



Decline Cure Rate: 33 %



|                     |         |
|---------------------|---------|
| Increased Sales \$: | \$1.25M |
| Increased Sales %:  | +5%     |
| Lifetime Value \$:  | \$5M    |
| Lifetime Value %:   | +20%    |

# A Frictionless Experience



There is absolutely NO cost to the customer, NO collections, NO credit checks and no additional steps.



Merchant T&C's apply for returns and refunds, OpenPath reimburses customers on the backend.



Seamless integration provides access to tokenized card and decline API which can be accessed at the shopping cart, gateway or CRM level.



Built to operate in conjunction with your existing technology stack and acquiring partners. Works with any and all payment processors.

# OpenPath: The Post Authorization Experts

OpenPath removes the frustration of payment declines. More than 70% of shoppers abandon their cart when they experience a decline. Merchants shouldn't have to accept this as a part of doing business. With OpenPath, recapture up to 30% of these declines and turn them into sales. The shopper is able to follow through with their intended purchase while the merchant saves the sale and the LTV of that customer. A true win-win.

The process is simple. If an interaction is required with the customer, we activate our customer facing widget. If not, the user experience is completely frictionless and seamless. We confirm any successfully recaptured declines via our webhook, so the sale can be completed while the customer is still on the session. We then charge the customer's payment method directly and bear the risk for any bad debt or fraud.

## OpenPath At a Glance:

- Proven platform orchestration and fraud solutions provider, partnering with public companies like Global Payments, TSYS, and Heartland.
- One of only two official alternative gateways offered by Shopify.
- Connectivity to most banks, processors, and e-commerce platforms.
- Robust orchestration suite of additional services, including instant direct payments, dynamic surcharging, and fraud tools.

# OpenPath Decline Recapture **FAQ**

## **Is there a difference between this and BNPL?**

BNPL is a payment option that customers need to choose at checkout. For first-time users, it requires a registration process, which creates friction. The OpenPath Decline Recapture service, on the other hand, is invisible to the customer at checkout time and comes to life only on failed payment transactions, including failed BNPL transactions. Our service is payment agnostic. Consider it as the safety net for any failed payment transaction.

## **What is my customer seeing throughout this process?**

The OpenPath Decline Recapture service remains invisible to customers until a payment transaction is declined. When this happens, a notification is sent to us. If the transaction is not eligible for our service, we will confirm the decline and the customer will see the payment decline message, as usual. If the transaction is eligible for our decline recapture service, the following cases are possible:

1. Frictionless flow. This flow takes place for failed transactions that can be rescued with no customer interaction. With this flow, customers are simply informed that there was an issue with their payment, but that the issue was resolved and their order was completed anyway.
2. Interaction required flow. This flow takes place for failed transactions that need some interaction with the customer. These interactions are handled via our UI widget and they always offer an exit route by simply closing the pop-up window.

## **What happens if the customer does not want to proceed?**

Under the frictionless model with no notification, customers are not even aware that their payment transaction was declined and then rescued by OpenPath Decline Recapture. All they see is a success message after they process their payment. There is no need in this case for the customer to opt out. If an interaction is required, customers will see a pop-up and can opt out by closing the window. In that case, the customer will be redirected to the payment failure page of the merchant.

# OpenPath Decline Recapture **FAQ**

## **What do customers see on their statements?**

We process our transactions using a dynamic descriptor, which allows us to use the name of the merchant for each of our transactions. Customers will see the same merchant name they would have seen if the transactions were processed by you directly. We also offer the ability to use different descriptors for each of your websites. All these parameters are set in the merchant portal.

## **Is OpenPath Decline Recapture offering a credit product to my customers?**

Decline Recapture is not a credit product. When payment transactions fail, merchants automatically assign these transactions to OpenPath. These are evaluated in real time. Any failed transaction that is rescued via Decline Recapture triggers a factoring service for the applicable invoice. Hence, Decline Recapture, through its technology, enables merchants to assign and factor their invoices.

Invoice factoring is not trading or a loan. Invoice factoring is different from traditional methods of lending and funding and as such is not regulated under the same legislation traditional lenders are subject to. Customers are not affected by this factoring transaction since there is no price increase, no change in the terms and conditions with the merchant, and no credit product or facility attached to this transaction.

## **Are there any negative impacts on customers' credit bureau scores if they don't pay?**

Not at all. The customer does not enter into a credit agreement with OpenPath. If for some reason we are not able to successfully charge the customer for the amount due, we just write the payment off. There is no external collection performed on the customer, nor any reporting to the credit bureaus. In addition, if we perform a search on the credit bureau, we perform what is called a "soft search" which does not affect the credit bureau score of the customer.

## **What does my agreement with OpenPath Decline Recapture look like?**

The technical form of the agreement between you and us is a factoring agreement. We purchase from the invoices from you that are related to the failed payment transactions recovered via our service. The agreement regulates operational, data privacy, and financial arrangements between you and us.



Thank You.