



CUSTOMER CREDIT FOR ECOMMERCE

Customer Present Retailer Guide **In-store Credit Application Process v2.0**

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Introduction

This document describes a proprietary process, developed by Pay4Later, enabling customers to apply in person for point of sale credit products. The process is designed to be secure and efficient for lenders. At the same time it is quick and simple for customers and easily implemented and managed by retailers. The process complies with all relevant legislation including the Customer Credit Directive (2010).

This Customer Present credit application process is a component of Pay4Later's retail finance platform, which also includes the following:

- The Pay4Later Finance Calculator - a powerful in-store sales tool that assists retailers in presenting finance options to customers
- A Customer Not Present credit application process – a comprehensive online credit application process, seamlessly integrated into ecommerce websites
- Application Programming Interfaces (API's) – assist retailers to automate credit application management
- Pay4Later BackOffice - our web based account management and reporting system

The Pay4Later platform is supported on Macs, PC's and iPad's running the following web browsers:

- Internet Explorer (versions 7, 8 and 9)
- Firefox (versions 5, 6 and 7, Mac and Windows)
- Safari (on Mac OS X and iOS)

The Pay4Later Finance Calculator

The Customer Present process begins when a customer selects a finance offer presented by the retailer, typically using the Pay4Later Finance Calculator.

The screenshot displays the Pay4Later Finance Calculator interface. At the top, it shows the user 'test_company' and a 'Logout' link. The main heading is 'Finance Calculator'. Below this, there is a red warning icon and a question mark icon. The interface includes two sliders: 'Price £' set to £2,750 and 'Deposit %' set to 25%. Below the sliders are three finance options:

Option	APR	Term	Monthly Repayment	Deposit	Total Amount Repayable	Total Charge for Credit
Option 1	0%	12 months	£171.88	£687.50	£2,062.50	£0.00
Option 2	4.9%	24 months	£90.29	£687.50	£2,167.00	£104.50
Option 3	19.5%	36 months	£74.51	£687.50	£2,682.29	£619.79

Each option has an 'Apply Now' button. The interface also features a '0% Spread the cost' section, an 'Instant Decision' section, and an 'eSignature' section. The footer includes 'Copyright Pay4Later Ltd. Licensed by The Office of Fair Trading'.

Figure 1: Pay4Later Finance Calculator

The Pay4Later Finance Calculator runs in a web browser and can be accessed from within Pay4Later BackOffice or directly at <https://secure.pay4later.com/financecalculator>

Using the finance calculator you can present up to 3 finance options to your customer. For example giving them the option to repay over 12, 24 or 36 months. When you move the price and deposit sliders, the finance details are instantly calculated and displayed.

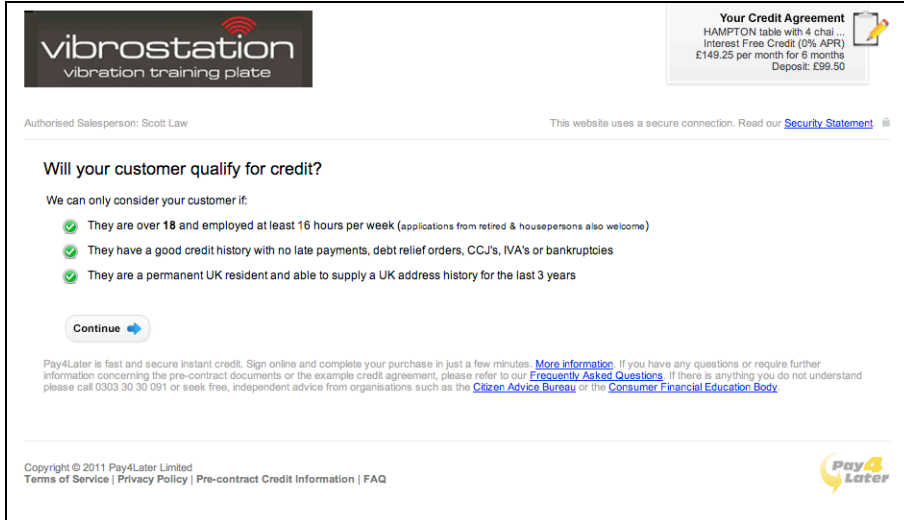
Clicking *Apply Now* displays a confirmation screen where the retailer can enter a description of the goods and optionally, a reference, before launching a new credit application form for the customer to complete.

The Credit Application Process

The description of goods, deposit and finance details are displayed in the credit summary on the top right of the screen throughout the application process.

The footer contains links to information referred to during the application. Each link opens in a new browser window, sized and positioned to not obscure the application behind.

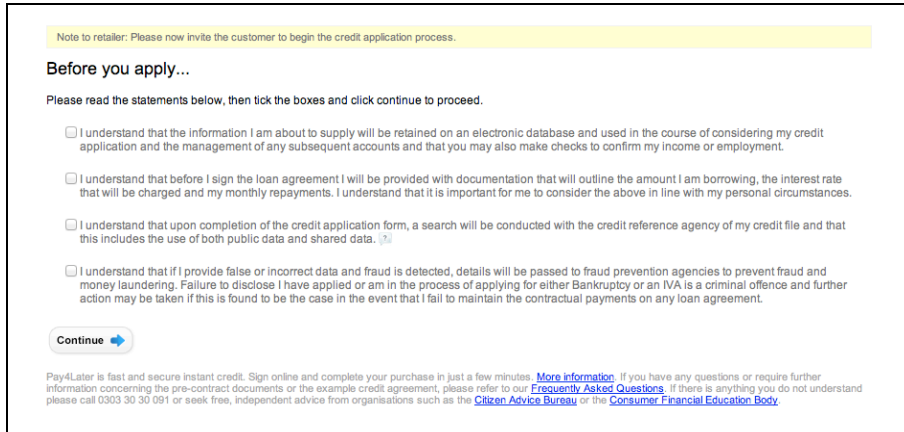
To begin, the retailer confirms the sale particulars and that the customer is eligible for finance before printing the pre-contract credit information and an example credit agreement for the customer to review.



The screenshot shows the 'vibrostation' website header with the tagline 'vibration training plate'. A 'Your Credit Agreement' summary is visible in the top right corner, detailing terms for a HAMPTON table with 4 chairs, including interest-free credit (0% APR), a monthly payment of £149.25 for 6 months, and a deposit of £99.50. Below the header, the page asks 'Will your customer qualify for credit?' and lists three criteria: being over 18 and employed at least 16 hours per week, having a good credit history, and being a permanent UK resident. A 'Continue' button is provided. The footer includes copyright information for Pay4Later Limited and links to Terms of Service, Privacy Policy, and Pre-contract Credit Information. The Pay4Later logo is also present.

Figure 2: pre-qualification

The customer is then prompted for their consent to perform a credit search.



The screenshot shows a 'Note to retailer' at the top, followed by the heading 'Before you apply...'. It instructs the user to read statements and tick boxes to proceed. Four statements are listed, each with an unchecked checkbox: understanding that information will be retained on an electronic database; understanding that documentation will be provided before signing; understanding that a credit search will be conducted using public and shared data; and understanding that false information or fraud will be reported to agencies. A 'Continue' button is at the bottom. The footer contains the same information as Figure 2, including copyright for Pay4Later Limited and links to Terms of Service, Privacy Policy, and Pre-contract Credit Information.

Figure 3: search consent

Pre-contract Credit Information Video

The customer is now invited to view a short video that explains the key features, costs and important legal information about the credit product. They can pause the video at any time and replay it as often as they wish.

A finance information pane is displayed to the right of the video. The customer must watch the video before they can proceed to the next step.

Note to customer: Please now view a short video that explains the key features, costs and important legal information about the credit product you have selected. You can pause the video at any time and replay it as often as you wish. The video is approximately 5 minutes in duration.

Important Pre-Contract Information

Finance Details

HAMPTON table with 4 chairs	
Goods Price:	£995.00
Deposit:	£99.50
Amount of Credit:	£895.50
Monthly Repayments:	£149.25
Duration:	6 MONTHS
APR:	0%
Interest Rate:	0%
Interest Amount:	£0.00
Total Payable:	£995.00

00:04 / 06:59

Figure 4: customer information video

The credit application form itself is now presented to the customer. The form is divided into the following sections: Personal Details, Address, Employment, Banking, Direct Debit and Agreement. The customer then enters the required data, which is captured, formatted and validated very carefully to ensure legal compliance and maximise the efficiency of the lenders automated credit-scoring systems.

Personal Details – Section 1

The customer is prompted to enter their personal details as shown below.

Date of birth must be selected from a popup menu. Underage customers cannot proceed beyond this point. Email address is captured and confirmed. Finally we record the customer's permission to sign the application and agreement on screen. Validation confirms that all fields are complete to the agreed syntax, the email address is legitimate, that both email fields match and that the checkbox statements are ticked.

Personal Details

Please complete this form to receive an immediate credit decision.
You can sign the agreement using the e-signature pad (iPad users can sign on-screen) and complete your purchase in just a few minutes.
Your information will be used strictly in accordance with our privacy policy and is encrypted before transmission.

Title: Mr

First Name: David

Surname: Smith

Sex: Male

Date Of Birth: 05 / Sep / 1985

Phone Number: 0207 123 4567

Mobile Number: 07977 987 654

Email: davidsmith@mac.com

Confirm Email: davidsmith@mac.com

Residential Status: Homeowner

Marital Status: Married

I authorise you to present my agreement on screen for me to sign electronically at this IP address (81.179.230.24)

Figure 5: personal details

Address – Section 2

In this step, the customer is prompted to enter their postcode. We then perform a lookup using the Royal Mail PAF database and return a menu of results to the customer. When the customer selects their address from the list, the data is automatically inserted into the correct fields. If the PAF data doesn't include the correct address, the customer can enter their address manually.

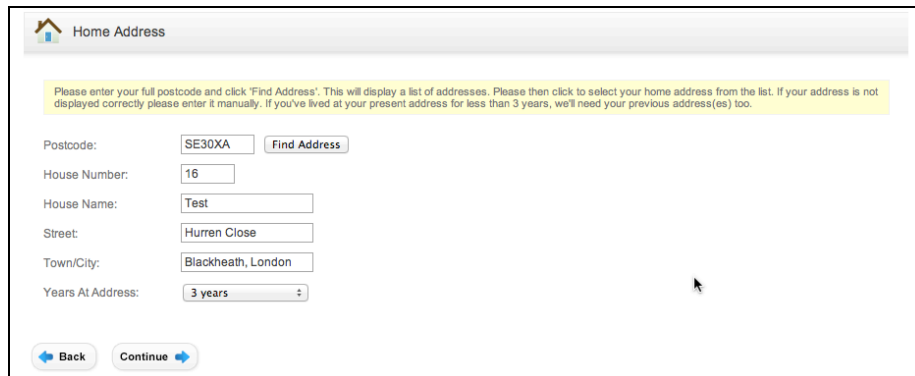


Figure 6: home address

The customer is then prompted to select the number of years at this address. If they select less than 3 years, a previous address entry form appears. The form automatically captures up to 3 previous addresses.

Employment – Section 3

In this step all the relevant employment details are captured. The income data and checkbox statements are required to ensure compliance with responsible lending guidelines.

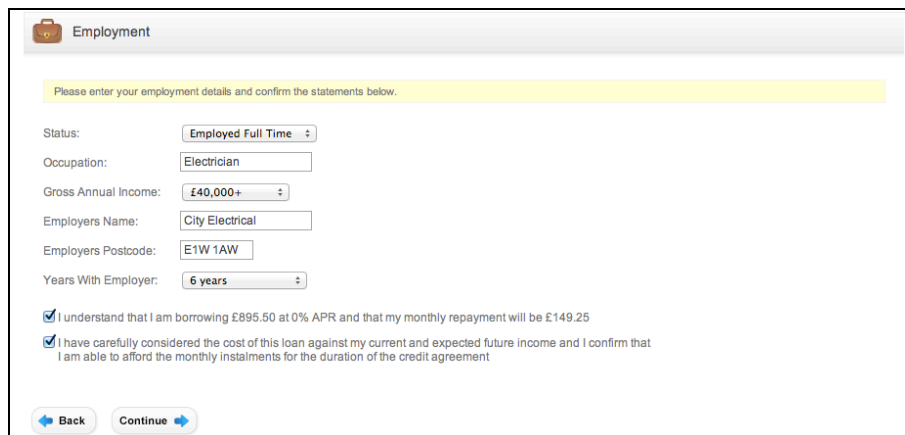
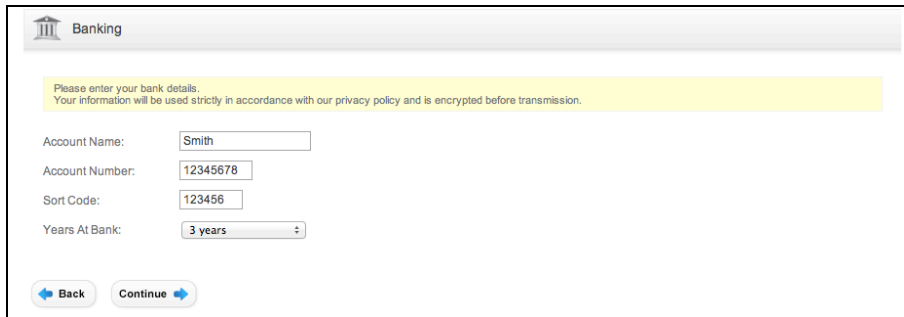


Figure 7: employment

Banking – Section 4

Here we capture the customer's bank account details including account name.



The screenshot shows a web form titled "Banking". At the top, there is a yellow warning box: "Please enter your bank details. Your information will be used strictly in accordance with our privacy policy and is encrypted before transmission." Below this, the form contains the following fields: "Account Name:" with the value "Smith"; "Account Number:" with the value "12345678"; "Sort Code:" with the value "123456"; and "Years At Bank:" with a dropdown menu set to "3 years". At the bottom of the form are two buttons: "Back" and "Continue".

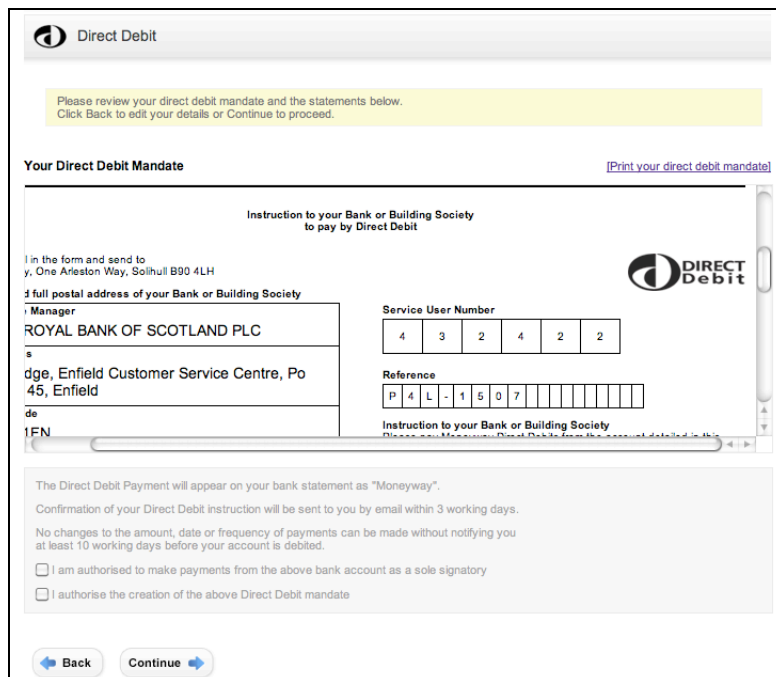
Figure 8: banking

The bank account number and sort code is validated and referenced using the BACS Extended Industry Sort Code Database (EISCD). The account name is matched to the applicant surname (non case sensitive surname match) provided in section 1.

This enables us to populate the direct debit template in the following section with the relevant bank branch details, verify that the account can accept Direct Debits and that the account name, applicant surname and applicant address return a positive match.

Direct Debit – Section 5

The customer is presented with a completed Direct Debit mandate. We ask the customer to confirm that they are authorised as a sole signatory on the account and that they authorise the creation of the mandate. This is a BACS requirement for paperless Direct Debit.



The screenshot shows a web form titled "Direct Debit". At the top, there is a yellow warning box: "Please review your direct debit mandate and the statements below. Click Back to edit your details or Continue to proceed." Below this, the form displays a "Your Direct Debit Mandate" section. It includes a "Print your direct debit mandate" link. The main content is a scanned image of a Direct Debit instruction form from the Royal Bank of Scotland PLC. The form contains the following information: "Instruction to your Bank or Building Society to pay by Direct Debit", "I in the form and send to you, One Arlestone Way, Solihull B90 4LH", "Full postal address of your Bank or Building Society", "Manager: ROYAL BANK OF SCOTLAND PLC", "Service User Number: 4 3 2 4 2 2", "Reference: P 4 L - 1 5 0 7", and "Instruction to your Bank or Building Society". Below the scanned form, there is a text box with the following text: "The Direct Debit Payment will appear on your bank statement as 'Moneyway'. Confirmation of your Direct Debit instruction will be sent to you by email within 3 working days. No changes to the amount, date or frequency of payments can be made without notifying you at least 10 working days before your account is debited." At the bottom of the text box are two checkboxes: " I am authorised to make payments from the above bank account as a sole signatory" and " I authorise the creation of the above Direct Debit mandate". At the bottom of the form are two buttons: "Back" and "Continue".

Figure 9: direct debit

When the customer clicks *Continue* at the end of this section, we validate that both checkboxes are ticked. If not, an appropriate javascript alert message is displayed to the customer.

Agreement – Section 6

On the Agreement section, the customer is presented with their completed credit agreement for final review.

The screenshot shows a web page titled "Agreement" with a PDF icon. A yellow box contains instructions: "Please now carefully review your credit agreement including the Terms & Conditions. The retailer can print a copy for you if you wish, or you can review on-screen below. To sign your application click the signature button below, then sign using the stylus in the centre of the signature pad. To complete the process, click Send My Application." Below this is the heading "Your Credit Agreement" with a link to "Print your credit agreement". The main content area features the Moneyway logo and the title "FIXED-SUM LOAN AGREEMENT REGULATED BY THE CONSUMER CREDIT ACT 1974". It states the agreement is between Secure Trust Bank Public Limited Company and the customer. A table lists customer and credit intermediary details. Below the table is a table with columns for Description of Goods, HAMPTON table with 4 chairs, Interest (Total Charge for Credit), and £0.00. A list of terms and conditions follows. At the bottom, there is a "Sign the agreement now" button and a "Click here to sign on-screen" button.

Agreement

Please now carefully review your credit agreement including the Terms & Conditions. The retailer can print a copy for you if you wish, or you can review on-screen below. To sign your application click the signature button below, then sign using the stylus in the centre of the signature pad. To complete the process, click Send My Application.

Your Credit Agreement [Print your credit agreement](#)

moneyway

FIXED-SUM LOAN AGREEMENT REGULATED BY THE CONSUMER CREDIT ACT 1974

Between Secure Trust Bank Public Limited Company, trading as Moneyway, One Arleston Way, Solihull, West Midlands B90 4LH (and including our successors and assigns) ("we" "us") and you, the customer named below


Customer: Name: Mr David Smith Address: 5 Huron Close, London Post Code: SE3 0XA	Credit Intermediary: Name: Test Company Address: 133 Houndsditch Post Code: EC3A7BX
---	--

Description of Goods	HAMPTON table with 4 chairs	Interest (Total Charge for Credit)	£0.00
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By signing below and sending your application you are confirming that:

- You can afford the monthly instalments for the duration of the credit agreement.
- You have told us if you are aware of any future circumstances which could affect your ability to pay.
- The details you have given on the application form are correct and you agree to be legally bound by the terms and conditions of the credit agreement.
- You have read and agree to the finance company's [Privacy Policy](#).
- You authorise the finance company, when considering your application, to make credit reference, identity (including searching the Electoral Register), fraud and other enquiries and to share information about you and how you manage your accounts with credit reference agencies.
- You have viewed and understand the pre-contract credit explanation video and have fully read the pre-contract credit information document given to you by the retailer.
- You fully understand the key features of the product offered and the costs of the credit and have been given the opportunity take the information away and to ask questions.

This is a Credit Agreement regulated by the Consumer Credit Act 1974.
Sign it only if you agree to be legally bound by its terms.

 **Sign the agreement now**
To sign the agreement on-screen, just click the button below and use the stylus to sign right on the iPad.

[Click here to sign on-screen](#)

Figure 10: agreement

The agreement is signed using the e-signature pad and stylus. iPad users can sign directly on screen using a capacitive stylus.

The screenshot shows a large rectangular signature pad. On the left side, there is a stylus icon with the name "Joe Blogs" written on it. A horizontal line is drawn across the middle of the pad, with the text "Please sign here" centered below it. At the bottom of the pad, there are three buttons: "Accept Signature", "Clear & Sign Again", and "Cancel".

Figure 11: eSignature

Once they have signed, the customer can click *Clear* to sign again or *Accept* to proceed. The application is then submitted to the lender and a decision is typically returned in around 10 seconds.

Deposit Confirmation

If the application is accepted, the retailer is requested to confirm that they have taken a deposit from the customer using a *Chip and Pin* authenticated credit or debit card.

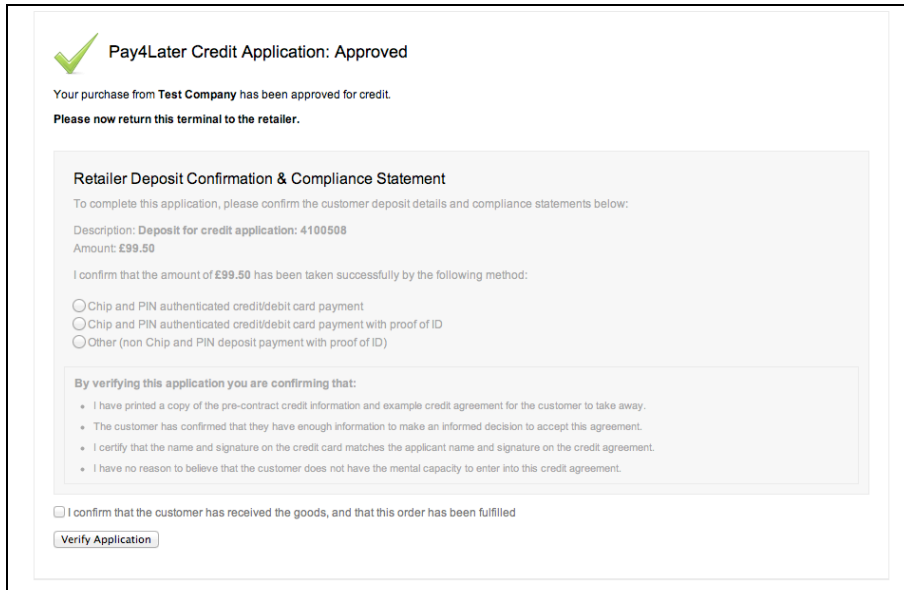


Figure 12: deposit confirmation

To complete the process the retailer clicks *Verify Application*. If the customer is taking the goods away there and then, the retailer can tick the checkbox to fulfil the application. This automatically adds the application to the settlement file that is paid on the next working day.

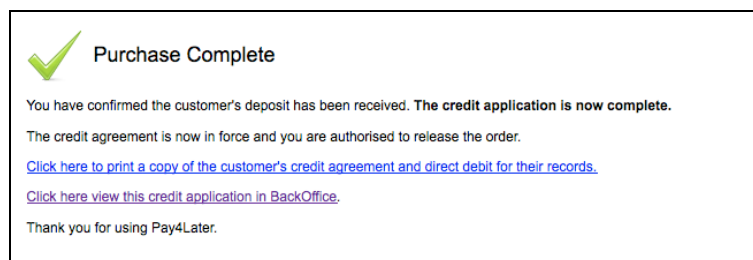


Figure 13: purchase complete

Attaching Customer Identity Documents

If the deposit is taken by any other means, the retailer must also request a proof of identity from the customer. Accepted proofs of identity are specified in the retailer procedure guide. Click *Choose File* to attach an image of customers' identity document.



Figure 14: attaching customer identity documents

iPad users are instructed to email id@pay4later.com attaching the proof of identity and quoting the credit application ID in the subject line.

Referred Applications

If the system cannot return an instant decision, the application is referred to an underwriter for manual review. This normally takes just a few minutes, however for applications received after 8pm or during especially busy periods a decision may not be returned until the next working day. We notify both the retailer and the customer by email immediately when a decision is returned.

We poll the lender at frequent intervals to ensure the timely response to the customer.

Our database records the status and each change as it occurs. This means that the customer will always see the correct and relevant message regardless of their route through the process.

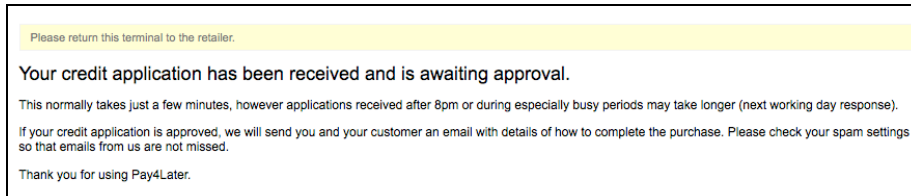


Figure 15: refer response

Declined Applications

If the application is declined the retailer prints a decline letter that gives the customer further information.

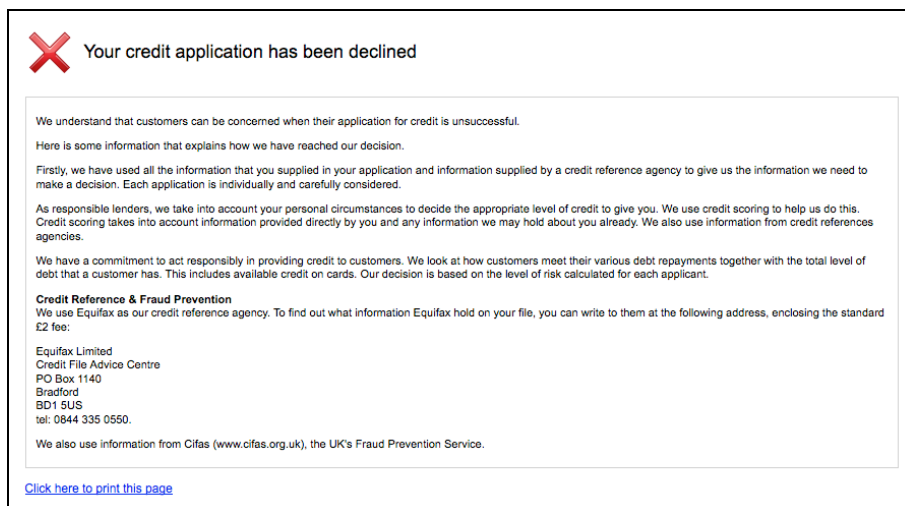


Figure 16: decline response

The same information is also emailed to the customer.

Credit/Debit Card Deposit Limits

The retailer must always take a deposit from the customer. Default deposit limits are as follows:

Minimum Deposit	Minimum Deposit Value	Maximum Deposit	Maximum Deposit Value
10	£27.78	50	£12,000.00

Figure 17: deposit limits

Credit Application Value Limits

By default, the minimum loan value on your account is £250.00 and the maximum is £12,000.00. Loan value is defined as price (multiplied by quantity) minus deposit. Given the deposit percentage limits, the minimum price of goods you can offer credit for is £277.78 (£250.00 loan with 10 deposit of £27.78) and the maximum is £24,000.00 (£12,000.00 loan with a £12,000.00 deposit). Contact your account manager to request higher limits.

Credit Validity Period & Settlement

Credit applications are valid for 90 days from acceptance. You must notify us when you have fulfilled (delivered) the customers order. We then add the credit application to a settlement file, which is sent to the lender at the end of each working day and paid by BACS to your nominated account the following day.

The customers' first repayment will be collected approximately 30 days after you have been settled. Clearly consumers do not expect to start repaying a loan until they have received their order. This is why we require retailers to notify us upon fulfilment, thereby triggering settlement.

Credit Status Notifications

To keep you informed on the status of each credit application, we send you email messages called Credit Status Notifications (CSN).

```
Credit Application ID: 234567
Status: ACCEPT
Credit Sentry Flag: Y
Customer: Mrs Anne Heselden
Installation: Test Retailer
Finance Option: ONIF6
Advance: £450.00
Deposit: £50.00
Description: Red Bicycle
```

Figure 18: example CSN email

CSN's are a handy tool for managers to keep up to date with the status of credit applications.

Credit Application States

Credit application states are defined as below.

Initialise	A credit application is initiated when the retailer makes an HTTP POST
Pre-decline	The credit application has been declined by CreditSentry
Accept	The consumer completes, signs and submits the credit application and the lender responds with an ACCEPT decision. ACCEPT decisions are valid for 30 days.
Decline	The credit application is submitted and the lender responds with a DECLINE decision
Refer	The credit application is submitted and the lender responds with a REFER decision
Verified	The consumer has successfully paid their deposit using a credit or debit card
Fulfilled	The retailer has notified Pay4Later that they have fulfilled the order. Fulfilment is defined as consumer having receipt of all items eg their complete order.
Complete	The credit application has been included in a settlement payment from the lender to the retailer
Cancelled	The credit application has been cancelled
Amended	The credit application has been amended
Info Needed	An underwriter requires additional information before the credit application can be decided.

Figure 19: credit application states

We will send you a CSN whenever there is a change in the status of a credit application. For example when a consumer is accepted/declined/referred or when a consumer makes a deposit payment (Verified). We also send you a CSN to acknowledge fulfilment, completion (settlement) and cancellation.

Test Consumer Data

Submit a credit application using the test consumer data below to return each decision. You must submit at least one test credit application as part of the live trading checklist (see figure 21).

Name	Date of Birth	Address	Years At Address	Residential Status	Marital Status	Employment Status	Income	Decision
Mrs Ann Heselden	1 July 1963	115 High Street, Westbury, BA13 3BN	3	Home owner	Married	Employed	£25,000+	ACCEPT
Miss Jane Taylor	1 Mar 1987	99 St. Agnells Lane, Hemel Hempstead, HP2 7BG	3	Home owner	Single	Employed	£20,000+	REFER
Mr David Pope	1 Feb 1977	1 Fairlands Avenue, Buckhurst Hill, IG9 5TF	3	Home owner	Married	Employed	£30,000+	DECLINE

Figure 20: test consumer data

When making test credit applications, please also ensure you enter the following information:

- any valid phone number and/or mobile number
- any valid email address (if you wish you can enter your own email address in order to see the emails that are sent to consumers during the application process)
- any valid (or fictional) occupation and employer name
- bank account name must match applicant surname (for example if the applicant surname is "Heselden", bank account name must contain "Heselden")
- any valid bank account number and sort code* (alternatively you can use account number "12345678" and sort code "123456" however the direct debit mandate on the next step of the form will be blank)

* Please note that no credit search is performed for test credit applications and none of the information provided is passed to the credit bureau. If you wish, you can therefore enter a valid bank account number and sort code when making test credit applications. This ensures the DD mandate on the next step of the process is populated.

CreditSentry

CreditSentry, our proprietary risk management software, is integrated within the credit application process. It's designed to help retailers and lenders identify and prevent fraudulent finance applications, at the point of sale, both online and in a face-to-face retail environment.

CreditSentry combines a powerful rules engine with the capture and analysis of detailed transaction meta-data to reveal fraudulent and spurious credit applications.

Every application is examined in real time as the customer completes the form. CreditSentry can be configured to instantly reject clearly spurious applications before they are submitted to the lender and passively highlight suspicious credit attempts for manual review. The wealth of meta-data captured with each credit attempt simplifies this task.

Metrics include transaction value, GeoIP (the physical location of the computer used), velocity checks (number of recent credit applications and responses), previous fraud sources, high-risk postcodes, anonymous/open proxies and other sensitive information. A 'blacklisting' feature allows retailers to easily block nuisance customers, IP's, email and postal addresses.

We work closely with retailers and lender to continually enhance CreditSentry and ensure its effectiveness. CreditSentry is easy to deploy with a low cost per query.

CreditSentry Velocity Checking

When a customer applies CreditSentry checks their application history

- if DECLINED in the last 60 days they will be PRE-DECLINED
- if 2 ACCEPT decisions in the last 60 days they will be PRE-DECLINED
- if 2 REFER decisions in the last 60 days they will be PRE-DECLINED
- if 1 ACCEPT decision and 1 REFER decision in the last 60 days they will be PRE-DECLINED
- if they've made another application within the last 10 minutes they will be PRE-DECLINED

We match on Surname + Bank Number + Sort Code (all three fields must match for a positive response)