



How AI is Transforming Bill Payments

Table of Contents

How AI is Transforming Bill Payments	3
Why AI Matters for Payments: Practical Use Cases	4
How PayNearMe Thinks About AI	7
Our AI-Centric Approach for Delivering Value	8
How Our Platform Leverages Data to Enable AI	11
Acknowledging Inherent Risks and Responsible AI	13
Powering the Future of Payments with AI	14
About PayNearMe	15

How AI is Transforming Bill Payments

Artificial Intelligence (“AI”) has reached a pivotal turning point in history. Machine intelligence has been evolving since the 1950’s—but never at the breakneck speed we’re seeing today. The payments industry, in particular, is rapidly transforming as AI and machine learning (“ML”) are redefining how businesses operate and serve customers. AI/ML is reshaping the competitive landscape, making it the new imperative for companies to survive in a crowded market.

The race is on, as, according to IBM, 77% of businesses¹ have already adopted AI or have an adoption plan. A major focus is using AI/ML to improve processes and cost-efficiency; in fact, studies done by Forbes show that 64% of companies² expect AI to increase productivity. While that’s critical to the bottom-line, another vital consideration is keeping pace with constantly evolving consumer expectations. Forbes estimates that 55% of Americans³ interact with AI at least once a day, often through AI-driven personalized experiences, thus businesses are under pressure to meet new demands.



For companies that rely on payments as a lifeline, there’s never been a more crucial time to tap the power of AI and ML to improve business outcomes.



Why AI Matters for Payments: Practical Use Cases

AI and ML give organizations the power to help increase profitability, deliver more effective payment experiences and reduce operational complexity. But what does that really look like on a practical level?

As a fintech innovator, PayNearMe is focused on identifying ways AI/ML can help companies solve their biggest challenges, such as increasing acceptance rates, as well as reducing fraud, risk and compliance scope. As part of that, we're actively delivering product functionality and running experiments to evaluate a wide range of use cases where we believe AI and ML may do better than manual or rule-based processes. Below, we'll highlight several use cases where AI can provide significant benefits in relation to payments.

Deliver Better Payment Experiences to Increase Acceptance Rate

- **Personalized payment experiences.** Personalization at scale has long been a challenge in payment practices. An interface that adapts to a user's behaviors and preferences can reduce clutter to focus on what matters for each customer, such as frequently used payment methods, preferred channels for digital reminders and more.
- **Dynamic payment options.** Early internal data has shown that even though general audiences prefer a variety of payment options, each individual is more inclined toward using certain methods. AI can dynamically reorder payment options to match the needs and preferential behavior of a customer to increase the likelihood of a successful transaction.
- **Support better financial health.** Regulation of payment practices, particularly in industries such as lending has often focused on educating

consumers and protecting them from financial distress. AI-powered insights on payment behaviors can help organizations identify the best ways to engage and support at-risk consumers with payment options that may help them avoid fees or negative impacts to their credit.

- **Enhance one-click pay.** PayNearMe already uses Smart Link™ technology to deliver frictionless payment experiences. A personalized Smart Link can be sent via text or email (pushed automatically or by agents) to a customer, giving them instant access to a complete (or customized) list of self-service payment options. Using AI, we will be able to test and validate new ways to further enhance the process, such as pre-selecting previously used payment methods or dynamically showing different information that can further streamline the experience.
- **Drive self-service opportunities.** Using an ML model, we might identify customers waiting in the call center queue, and send them a message (text or email) with a personalized Smart Link for bill pay. If that was the reason for their call, they can tap or click to directly access a self-pay payment screen and pay using their preferred method.

Increase Efficiency with Automation

- **Automate collections activities.** Outbound collections can be a significant cost center for organizations, often requiring a mix of mailed notices, agent calls and digital reminders. AI can help choose the best methods for reaching a customer, and automatically engage them before enlisting the help of an employee. Using automation to cover basic tasks can free up agents to focus on more complex or urgent customer support needs.
- **Intelligent retries for autopay.** Retrying automatic payments at different times isn't new, but is often done on static timetables, and getting it right requires manual fine-tuning. AI/ML models can improve retry success rates

for failed autopay transactions, using a variety of inputs to determine the best time and frequency to retry for a particular customer.

- **Adjust payment due dates.** For customers with a history of late payment, AI can automatically generate a message suggesting self-service options that may make it easier to pay on time. For example, moving their payment date to coincide with their payday, or suggesting multiple payments within a month rather than one lump sum.
- **Autopay adoption.** AI can pinpoint strong candidates who are not using autopay and automatically send them targeted engagement messaging with a link for easy enrollment.

Minimize Fraud and Risk

- **Predict and reduce delinquency.** By tracking patterns of payment behavior over time, models can identify the best times and channels for engaging often-delinquent customers before due dates. A delinquency prediction dashboard can keep the organization informed and prepared to take pre-emptive action.
- **Dynamically restrict payment options.** AI can automate solutions to challenges such as frequent ACH returns and chargebacks. ML models can identify when customers hit a particular threshold, and automatically change a related business compliance rule. For instance, if a customer has two or more ACH returns within six months due to non-sufficient funds, AI can apply a rule requiring the person to pay with cash or card only. This protects the business from exceptions and customers from costly fees.
- **Identify patterns that indicate potential fraud.** ML is well-suited to analyze large sets of payments data to flag unusual events and possible threats. AI tools can detect issues in real-time, alerting the payments platform to authenticate transactions and dynamically tighten security measures as needed.

- **Expand datasets for deeper insight.** Integrating with external data sources, such as credit bureau data and alternative data sources, can create a more complete fraud and risk model for organizations. These new datasets can help assess the risk profile of individuals and better identify any history of fraudulent activity (from application fraud to ‘friendly fraud’ like multiple chargebacks), so the business is prepared to take extra precautionary measures.



How PayNearMe Thinks About AI

There’s no question AI and ML can deliver practical business value. But getting there requires more than a focus on products. PayNearMe is embracing AI as a fundamental shift in the way we make decisions about our business, processes and people. Achieving AI and ML excellence relies on being part of a company’s DNA, touching every part of the business in some way.


Expanding our AI/ML capabilities will enable innovation at a rapid pace, making it easier for our clients to get value from data, solve complex problems and compete in the market.

We’re also using AI to improve our business processes and increase employee productivity. Across the organization, PayNearMe’s data science team is collaborating with our finance, product, legal, sales and marketing teams to identify patterns and insights. This helps us make better decisions, and these learnings may have significant downstream benefits for our clients and their customers.

While our goal is to become an AI-first company, we know it takes more than commitment—it takes time. Therefore, we see AI as a journey, focused on identifying and capitalizing on opportunities that deliver real business value.

Our AI-Centric Approach for Delivering Value

AI will play a crucial role in our goal to make payments easy, secure and personalized for consumers, and to empower clients to optimize their business with cost-saving efficiency and data-driven decisions. Particularly for companies that collect and disburse payments, gaining better and faster insights from data using AI/ML can help reduce risks related to security, privacy, governance and compliance.



“As a foundational approach, we’re focused on using AI responsibly. We want to innovate as fast as we can—yet do it in ways that are safe, auditable and responsible for our clients and our business.”







ROGER PORTELA

Senior Director, Product Management, Customer and AI/ML

Focusing on Operational Wins

Helping clients improve their bottom-line and minimize risk includes elevating how they meet core operational needs. Our AI-centric approach is designed to deliver important improvements, such as:

-  **Unlocking business value from data.** Our approach to AI will enable our clients to use data from their customers' transactions and payment behaviors to optimize a variety of operations, expanding payments from a back-office metric to a fundamental driver of business performance and risk mitigation.
-  **Increasing predictive power.** AI/ML will enable clients to predict consumer activity for making process and decisioning improvements. By using ML decision models and other techniques, we can help clients better understand their customers and predict likely behaviors, so the business can take action to influence better outcomes. And using ML to identify emerging issues can inform where to make targeted improvements.
-  **Democratizing data access.** Our infrastructure is built from the perspective of making it easier and faster for clients to access their data. Using a leading data lakehouse solution, PayNearMe has combined data from multiple sources with a centralized data share that is cloud-agnostic for seamless access. Breaking down data silos provides a 360° view of each client's business, which enables key stakeholders to get access to the data they need quickly and completely.
-  **Safeguarding consumer privacy.** Compliance and privacy is integral to any business taking payments, and a significant driver of operational costs. To protect consumer financial data, we have implemented appropriate data security measures such as encryption and secure data storage.

Speeding Innovation with AI/ML Capabilities

As part of the AI/ML innovation ecosystem, PayNearMe is testing a variety of tools and scenarios to determine how we can innovate and deliver faster to provide more value for our clients. Taking advantage of the latest technologies enables us to enhance our capabilities, including:



Innovate faster. We've increased agility and speed for testing hypotheses by running fast data science experiments in test environments. Before we go full scale with millions of rows, we test and iterate with a range of data. We then tune and deploy models into a decision engine to enable actions based on the insights.



Scale to opportunities. As AI/ML rapidly evolves, models can be very 'hungry'—they want as much data and variables as possible. With that in mind, PayNearMe's product development cycle factors in a few essentials for healthy growth. First, we focus on building in a way to ensure we can easily and feasibly expand with new data sources; for example, creating new reporting or algorithms. Second, we're investing in capabilities to process high volumes of data at once, so we can keep performance at peak levels as AI/ML models grow more complex.



Leverage the potential of generative AI. With an eye toward the future, we are investigating ways to take advantage of large language models (LLMs) and generative AI for a wide range of use cases, keeping in mind the risks presented with this approach. Beyond payment-specific insights, PayNearMe could also use these technologies to optimize operations and help our clients do the same.



How Our Platform Leverages Data to Enable AI

With all the buzz about AI and ML, many companies are racing to extend capabilities by ‘bolting on’ solutions. PayNearMe believes in a more far-reaching approach, using AI/ML to improve and evolve what we offer as well as how we operate, so we can continually provide more value to our clients.

A fundamental of using AI/ML to solve business problems and achieve key objectives is having access to the right data. In building and iterating ML models, well-chosen and well-prepared datasets can help a business identify the levers, indicators and patterns for taking targeted action.

That’s where our centralized approach for data management provides a distinct advantage. While the nature of what different audiences look at and how they use it varies, core results from broader, non-siloed data enables clients to get a more complete, cohesive picture of what’s happening across the enterprise.

For example, unlike traditional A/B testing, machine learning can rapidly ingest large quantities of data to provide a broader context behind what’s happening and why, as well as predicting future behaviors—much more rapidly and with more nuance.

Building on previous topics, next, we’ll take a deeper dive into how we’re optimizing the PayNearMe platform and data products:

- **Cloud agnostic infrastructure.** A key benefit of our infrastructure is that we can share data back to our clients with minimal effort and complexity, in whatever structure they need, whether they use Google Cloud, Amazon Web Services (AWS) or Microsoft Azure.
- **Data warehouse/replication.** Our data ecosystem is structured so it can have the same data in multiple places. That enables us to build off the same core dataset and cast as wide of a data net as possible, yet also stay concurrent across all of our products. An added benefit of this approach is that we can run lean and cost-efficiently, while maintaining production levels.

- **Data collection and cleaning.** ML is hungry for new variables, and pulling new features into a model often requires loads of heavy lifting in connecting different databases, extract, transfer and load (“ETL”) transfers, and data cleanup. For example, our data warehouse has hundreds of connectors, and in the case of our production database connector, every time new tables or fields are added (PayNearMe conducts releases on a weekly basis), new data is coming in. To accelerate workflows, we use tools to automatically bring in that data and notify us of any schema changes. This AI-driven approach enables us to identify early on which data to use to test models, and prioritize it for cleaning, transformations and visualization.
- **Data democratization.** Capturing more business value from AI and ML requires opening up opportunities to more of the business—that means providing data access to both technical and non-technical users. PayNearMe empowers employees to access large amounts of data via a business intelligence tool. Rethinking how we distribute and consume data enables our organization to save time, uncover more insights, ideate more and make better decisions.

From an external perspective, having shared access to data helps PayNearMe support clients who are building their own custom analytic models. Through our AI/ML platform, companies can do a lot of their work without us having to code the ML for them, yet still have visibility into the process. It’s especially valuable for data governance, so we can help ensure clients (and PayNearMe) are doing the right things, at the right time.

- **Data visualization.** Making it easy for our business teams to understand patterns and trends in our data is important for efficient workflows and decisioning. We integrate tools that enable both technical and non-technical users to convert complex data into visual representations.



Acknowledging Inherent Risks and Responsible AI

AI and ML can deliver significant wins, but data-driven technologies can also introduce risks. As part of our commitment to use AI responsibly, PayNearMe closely tracks the risks to ensure there are safeguards in place. Here are some key examples:

- **Protect consumer privacy.** Solutions that work with consumer financial information and payments data must maintain a secure and compliant environment to respect data privacy.
- **Reduce data bias.** Any unintended biases that come out of AI or ML could result in misapplication of data, and could be costly in reputational and compliance risk. PayNearMe is focused on mitigating AI bias by using techniques such as fairness and bias detection, regularly monitoring and making necessary adjustments.
- **Enable auditable decisions.** Companies making critical business decisions based on AI/ML recommendations or predictions may need explainable audit trails to back it up. As a best practice, our models are built using explainable AI techniques to enable clear, contextual descriptions about how decisions are being made. These explanations are also useful for proving the business value of AI to build buy-in with C-level executives.
- **Avoid AI hallucinations.** Most often associated with LLMs used for generative AI, hallucinations refer to algorithms and neural networks providing false information. These outputs don't match the model training data, and instead seem to occur when generative AI attempts to fill in gaps in the data with potentially plausible content. Companies eager to tap into this technology will need to exercise extreme caution and manual oversight, especially for customer-facing applications where reliability of information is essential to avoid risk.

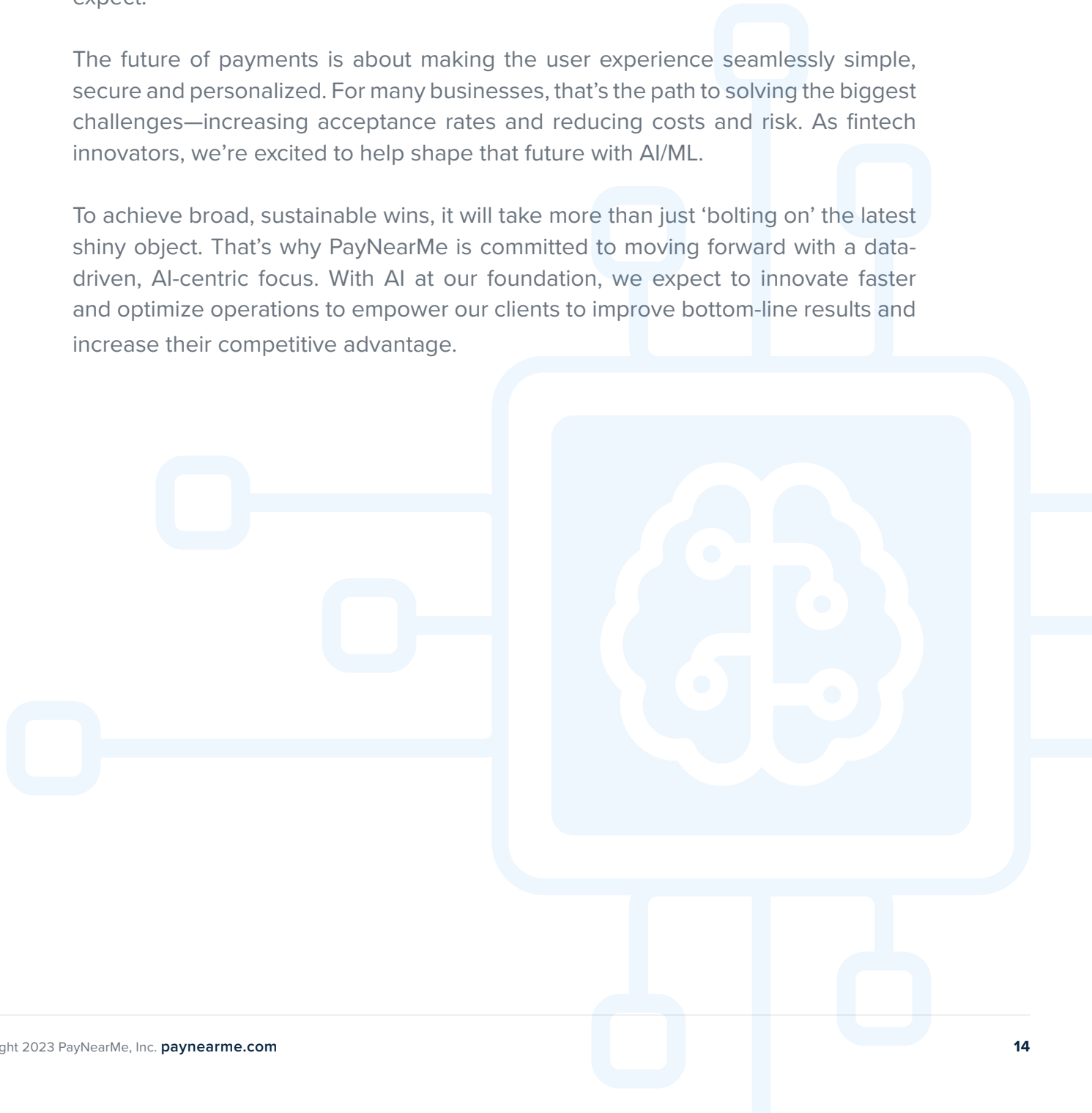


Powering the Future of Payments with AI

In an era of unprecedented digital innovation, payments are at the forefront—and AI is driving transformation on many levels. PayNearMe believes the advancements will have significant impacts on how companies do business and what consumers expect.

The future of payments is about making the user experience seamlessly simple, secure and personalized. For many businesses, that's the path to solving the biggest challenges—increasing acceptance rates and reducing costs and risk. As fintech innovators, we're excited to help shape that future with AI/ML.

To achieve broad, sustainable wins, it will take more than just 'bolting on' the latest shiny object. That's why PayNearMe is committed to moving forward with a data-driven, AI-centric focus. With AI at our foundation, we expect to innovate faster and optimize operations to empower our clients to improve bottom-line results and increase their competitive advantage.



About PayNearMe

PayNearMe develops technology that drives better payment experiences for businesses and their customers. Our products are tailored towards driving self-service, reducing risk and delivering data-driven insights throughout the payment lifecycle.

PayNearMe enables more ways to pay by offering all major payment types and channels in a single platform. Today, the company processes a wide range of payment types including Apple Pay, Google Pay, Cash App Pay, PayPal, Venmo, cards and ACH, and has enabled cash payments through our proprietary cash network since 2009. PayNearMe cash payments are accepted at more than 60,000 retail locations in the U.S. including participating 7-Eleven®, Walmart®, Family Dollar®, Casey's General Stores®, Dollar General® and ACE Cash Express®, among others. Thousands of businesses partner with PayNearMe to manage the end-to-end customer payment experience in industries such as Consumer Finance, Property Management, Insurance, Utility and Municipality and iGaming and Sports Betting.

**To learn more about PayNearMe, please visit paynearme.com.
For press inquiries, contact insights@paynearme.com.**

1. <https://mspoweruser.com/ai-statistics/>
2. <https://www.forbes.com/advisor/business/ai-statistics/>
3. <https://www.forbes.com/advisor/business/ai-statistics/>

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