



Universal Payment Identification Code (UPIC) Helps Verizon Reduce Fraud, Improve Cash Management

Background

Verizon Communications Inc. (NYSE:VZ), headquartered in New York, is a leader in delivering broadband and other wireline and wireless communication innovations to mass market, business, government and wholesale customers. Verizon Wireless operates America's most reliable wireless network, serving nearly 71 million customers nationwide. Verizon's Wireline operation includes Verizon Business, which delivers innovative and seamless business solutions to customers around the world, and Verizon Telecom, which brings customers the benefits of converged communications, information and entertainment services over the nation's most advanced fiber-optic network. A Dow 30 company, Verizon employs a diverse workforce of more than 228,000 and last year generated consolidated operation revenues of \$93.5 billion. For more information, visit www.verizon.com.

UPICs are unique account identifiers issued by financial institutions to allow organizations to receive electronic payments without divulging their confidential banking information.

Business Challenge

Verizon was facing an ongoing challenge to reduce fraud and risk in the course of handling an extraordinary volume of payments. Each month, the company receives more than 23 million direct mail and electronic payments totaling almost \$3 billion. With such a large volume of payments, the company was looking for opportunities to strengthen its internal payments controls and implement processes that would streamline its treasury and finance operations.

The UPIC Solution

To achieve its objective, Verizon requested that UPICs to be setup by three financial institutions. The UPICs were established to handle different methodologies for receiving payments:

- One UPIC was set up to handle electronic payments received with remittance information.
- A second UPIC was created to handle electronic payments with remittance information to follow separately.
- The third UPIC was established to handle the special requirements of government payments. This setup facilitated the segregation of payment types while achieving the goal of reducing fraud and improving cash management reconciliation for Verizon.
- To date, Verizon has received over 330,000 UPIC transactions.

"Fraud protection is the most important benefit that UPICs delivered to Verizon," said Angeline Depauw, Director, Electronic Remittance of Verizon Communications

UPIC Benefits To Verizon

Verizon realized a number of benefits by using UPICs:

- The company increased the receipt of electronic payments because the UPIC was easy to implement by corporate and government customers.
- The UPICs mask Verizon's banking routing and account numbers, creating a safer remittance environment.
- Because UPIC payments are limited to credit payments only – not debits – Verizon gained additional protection against fraudulent payments.
- The UPIC was compatible with a variety of cash management platforms. “

“The UPIC required no systems changes, which was a big plus,” said Depauw. “The only upfront time investment was changing the government data to incorporate its UPIC.”

UPIC Benefits Verizon's Banks

The UPIC strengthened the banking relationships with Verizon, which works closely with PNC, Bank of NY Mellon and JPMorgan Chase as their RDFI.

How A UPIC Works

As the unique account identifier, UPICs are issued by financial institutions to allow organizations to receive electronic payments without divulging confidential banking information. UPICs are for credit payments only and minimize the possibility of unauthorized debits, checks and demand drafts. “UPICs become an organization's permanent electronic payment address, as was the case with Verizon,” said Sharon Jablon, EPN Business Development Manager. “The portability of UPICs reduces the effort required in changing accounts due to bank mergers or changes in banking relationships, including the cost of communicating new bank account information to trading partners.”

Since the inception of the UPIC in 2002, there have been more than 1 million UPIC payments totaling over \$37 billion. Over 700 UPICs have been issued to public and private entities by financial institutions across the United States. The UPIC was developed by the Electronic Payments Network (EPN), the ACH business of The Clearing House Payments Company L.L.C., in conjunction with the financial services industry.

To Learn More About UPIC

For additional information about UPIC, visit www.upic.com or www.epaymentwork.com, Sharon Jablon, EPN Business Development Manager 212.613.0178, Sharon.jablon@epaynetwork.com,

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