

BLOG

Drive incremental revenue with **FILTERED SPEND AS A SERVICE™**

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Filtered spend takes spend control to a new level with prepaid programs that define and control card spend for specific eligible items – allowing organizations, from businesses to governments, to manage and influence consumer purchasing habits.

Merchants across industries can capture new customers and drive incremental revenue thanks to filtered spend. What is filtered spend, and how can merchants benefit from filtered spend programs?

What is filtered spend?

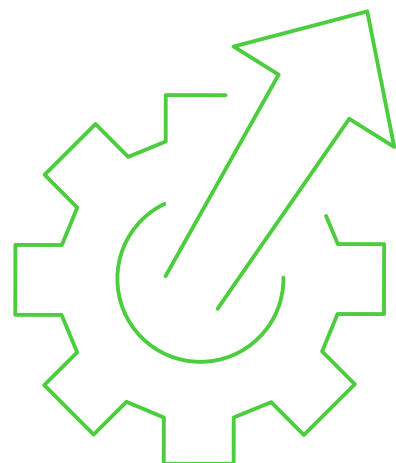
Filtered spend offers organizations the ability to filter or direct a payment at the point of sale, down to the product level using the UPC or PLU identification.

Organizations want to ensure that funds are being used as efficiently as possible. As checks fall out of favor, they're increasingly using direct payments or card products to deliver payments to consumers for things like benefits, insurance claims and rebates. However, there's no way to know how a consumer is using those funds. Filtered spend allows organizations to make sure that consumers are using the payment for the intended purpose.

For instance, if a health insurer wants a customer to buy bandages at a pharmacy – but not another product, such as beverages – they can ensure that the customer's supplemental

benefits card only approves the purchase of bandages and declines the purchase of unrelated products. Unlike manual claims reimbursement in the past, Filtered Spend on a benefits card allows for a seamless experience at checkout.

Filtered spend can also be used to drive certain behaviors. For example, if a consumer has a negative experience with a product, a business can send the consumer a prepaid card to try a different product. The card can only be used for that product, saving the company from having to ship a new item – driving efficiency and encouraging the desired action.



Where is filtered spend used?

Filtered spend has primarily been used in the healthcare industry, starting around 2020 as the Centers for Medicare & Medicaid Services (CMS) guidelines began to focus on preventative or outcome-based care for reimbursements for private insurers. Insurers started to offer additional supplemental benefits to their members to encourage new habits for preventative care – such as over-the-counter items like bandages and fresh food at grocery stores.

There are other avenues for filtered spend in healthcare, such as getting prescriptions filled at a pharmacy or receiving preventative vision or dental care. Filtered spend also has applications for areas such as government disbursements for incentive programs and supplemental funds for education. Rather than providing rebates that require the individual to purchase items upfront, these organizations can deliver a filtered spend card that guarantees the consumer will only purchase the product they are supposed to buy.

How does FIS filtered spend work?

FIS Filtered Spend as a Service™ leverages several processes across the FIS ecosystem. First, we used our EBT expertise in categorizing items, such as over-the-counter healthcare items and healthy food items. Second, we used our NYCE payment network to accept payments with these product details as they come over the payment rails or allow merchants to send product details over API. Finally, we built a proprietary network of merchants that sends us the product details.

These unique capabilities of the FIS ecosystem allowed us to develop a prepaid card with a proprietary merchant network that approves or declines purchases based on the basket of items. While other businesses that offer a filtered spend product have primarily a “closed loop” network, we have the only product on the market that operates completely on the open network, and through any merchant acquirer.

An open network card is swiped through a point-of-sale terminal like any other card product at checkout, offering a seamless experience for merchants and consumers.

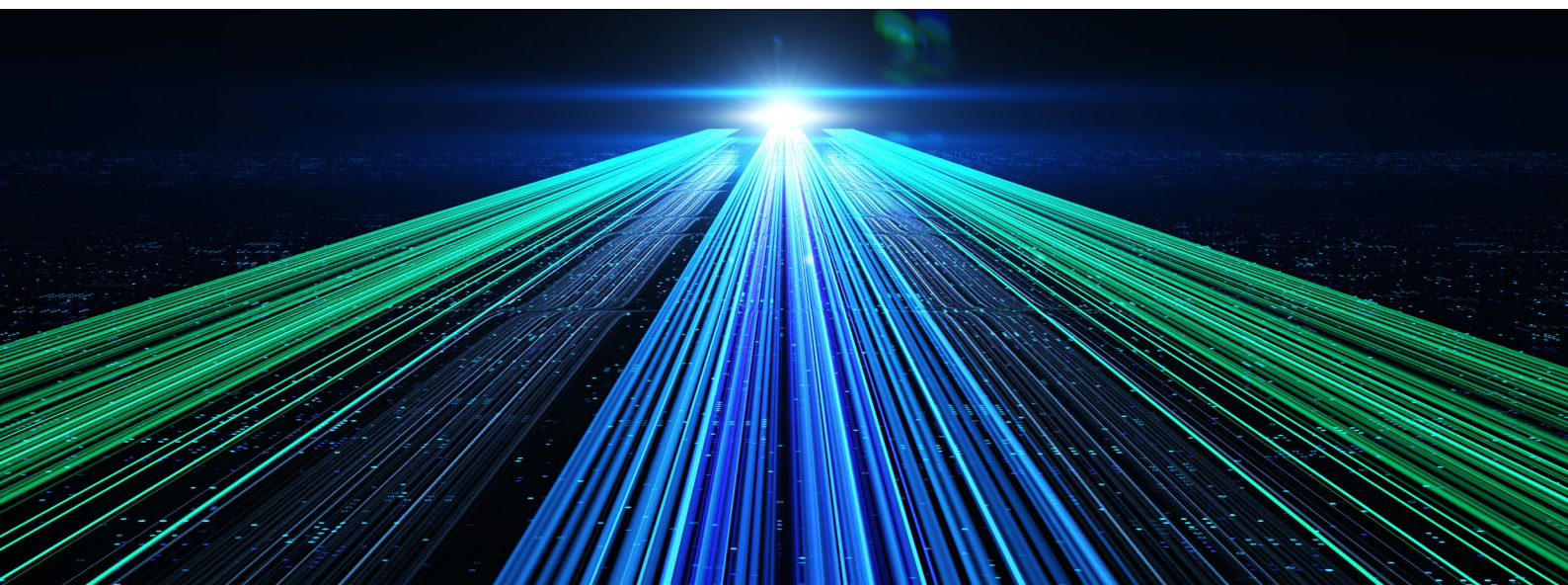
Here's how it works:

1. Each client leveraging Filtered Spend as a Service™ determines what specific products and services are included in their individual program.
2. The funds are added to the prepaid card in separate “purses,” and cardholders shop at participating retailers to purchase approved items.
3. During the financial transaction, individual product UPCs, PLUs or SKUs are assessed in real time, determining if each item is eligible or ineligible for the program.
4. Eligible items will subtract funds from the appropriate purse to pay for the items.
5. Items that are not eligible will either be charged to a generic spending purse on that same card or will be declined.
6. The consumer can complete partial approvals with an alternative payment tender.

How does filtered spend work for the customer?

To facilitate a good experience for customers, the filtered spend cards are marked as restricted use and, beginning in 2024, have a trademark on the front of the card. Through both the packaging of the card and the cardholder website or app associated with it, consumers are aware that the card can only be used for certain items at certain locations.

Whether FIS is managing the card, or the organization self-administers, we offer several tools to give consumers information about what's available to them. Using our APIs, consumers can look up which merchants are in network, finding businesses in nearby locations that accept their funds. They can also look up a product (for example, by scanning the barcode) to determine whether the item is eligible for the filtered spend funds, according to the issuing organization's approved product list.



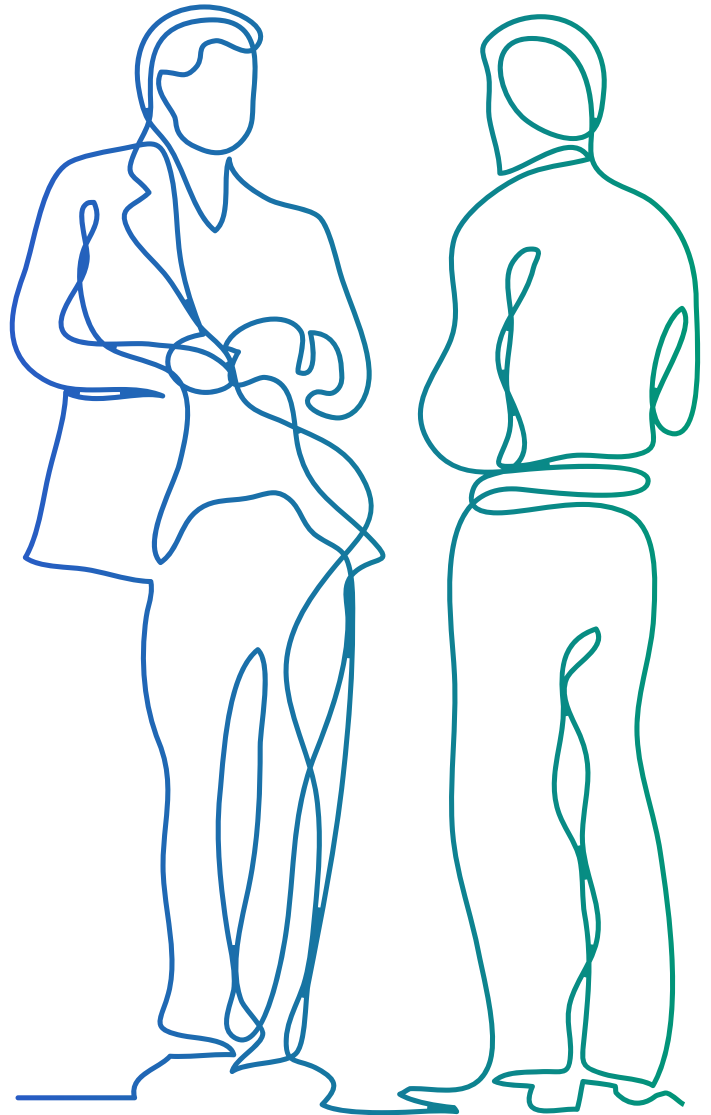
This creates a frictionless consumer experience, where shoppers can search for eligible locations and items before they make a purchase. At the point of sale, FIS communicates with the merchant platform to let the consumer know what dollar value of products were approved against their benefit types.

What does filtered spend mean for merchants?

There's a tremendous opportunity for merchants to be part of the only industry-agnostic product level spend control ecosystem, driving new sales with customer segments receiving filtered card products. Since consumers can search which merchants are in network, this is a simple way to direct consumers to purchase products in your store. As filtered spend spreads across industries, any merchant that is selling consumer products could be eligible for these types of filtered spend payments. Today, FIS supports millions of consumers with Filtered Spend card products, with billions of eligible spending dollars each year.

FIS has made it easier than ever to join the network, which requires a simple API integration and maintains compatibility with your existing financial processing ecosystem. We also offer other products that make merchants more attractive to consumers, such as our Premium Payback solution, which helps merchants accept reward and loyalty points as currency at the point of sale.

Filtered spend offers a targeted and efficient way for organizations to direct funds towards specific eligible purchases, ensuring that funds are used as intended and driving consumer behavior towards healthier, more responsible purchasing decisions. For merchants, becoming part of this spend control ecosystem opens new doors to incremental revenue. For more insights on implementing filtered spend within your organization or becoming a part of the network, please visit fisglobal.com.



About FIS

FIS is a leading provider of technology solutions for financial institutions and businesses of all sizes and across any industry globally. We enable the movement of commerce by unlocking the financial technology that powers the world's economy. Our employees are dedicated to advancing the way the world pays, banks and invests through our trusted innovation, absolute performance and flexible architecture. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS ranks #241 on the 2021 Fortune 500 and is a member of Standard & Poor's 500® Index.

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