

U.S. Online Fraud Attempts Increase 22 Percent During 2017 Holiday Shopping Season

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New ACI Worldwide benchmark data sourced from top U.S. merchants reveals post-Thanksgiving holiday fraud attempt rates spiked on Christmas Eve and Shipment Cut-Off Day

NAPLES, Fla.--(BUSINESS WIRE)--Jan. 15, 2018-- Onlinefraud attempts and general retail transaction volumes increased substantially during the 2017 holiday season, according to new benchmark data from [ACI Worldwide](#) (NASDAQ:ACIW). Fraud attempts in the period from Thanksgiving Day to December 31 increased by 22 percent, while the number of overall transactions increased by 19 percent.

ACI's benchmark survey data* is based on hundreds of millions of eCommerce retail transactions from global merchants using [ACI ReD Shield](#)—the [eCommerce fraud prevention](#) component of ACI's UP portfolio of payment solutions—to detect and prevent [CNP fraud](#) during the 2016 and 2017 holiday shopping seasons (beginning Thanksgiving Day and ending on December 31). ACI ReD Shield processed 14 percent of all Thanksgiving Day online spend, 13 percent of all Black Friday online spend and 9 percent of all Cyber Monday online spend.

Principal findings and key fraud activity trends include:

- Between Thanksgiving Day and December 31, 2017, the number of eCommerce transactions grew by 19 percent, compared to the same dates in 2016. Fraud attempts increased by 22 percent.
- Fraud attempt rates were highest on Thanksgiving Day (1.94 percent, up from 1.26 percent in 2016), Christmas Eve (1.78 percent, up from 1.48 percent) and December 21 – the cutoff date for express shipments – (1.67 percent, up from 1.49 percent).
 - The trends driving these peak fraudulent days include shipment cut-off, consumer traffic and buy online pick-up in-store transactions.
- The average ticket price of attempted fraud transactions over the entire holiday period in 2017 was \$227, a one percent increase from 2016 (\$239). Reduced shipment prices, low-priced electronics and promotions are driving this trend.
- The overall volume of purchases recorded in January-October 2017 increased by 14 percent, compared to the same period in 2016.

“Over the 2017 holiday shopping season, merchants experienced significant growth in their digital channels, coupled with a substantial increase in fraud,” said Erika Dietrich, Director of Risk Management, ACI Worldwide. “The consistent, alarming uptick in fraudulent activity on key dates is a signal that merchants must be proactive in their efforts to identify weak points across the omni-channel payment process—and define the short- and long-term strategies necessary to improve security and enhance customer experience.”

- During the 2017 holiday shopping season, the number of fraud attempts based on total population increased compared to the same time in 2016:
 - In 2017, 1 out of every 85 transactions was a fraudulent attempt
 - In 2016, 1 out of every 97 transactions was a fraudulent attempt
 - In 2015, 1 out of every 109 transactions was a fraudulent attempt
- Key shopping dates by volume:
 - Overall Thanksgiving Day eCommerce spend totaled \$2.87 billion for an 18.3 percent year-over-year transaction volume growth (source: [Adobe](#))
 - Overall Black Friday spend totaled \$5.03 billion for a 16.9 percent year-over-year transaction volume growth (source: [Adobe](#))

ACI will showcase its flexible, vendor-agnostic [omni-channel merchant payments solutions](#) at the NRF Annual Convention & Expo, January 14-16, 2018, in New York City, including its Mobile Commerce Software Development Kit (mSDK), and the adaptive machine learning capabilities of its merchant fraud prevention solution.

ACI ReD Shield is a key component of the UP Merchant Payments and UP Payments Risk Management solutions. ACI's UP portfolio of solutions orchestrates all aspects of payments processing for any payment type, any channel, any currency and any network.

* Methodology and Demographics:

The data is based on similar averages of ReD Shield customer data year over year. ReD Shield Retailers representing hundreds of millions of transactions; these leading retailers have been utilizing ACI's service for two years.

Date Range:

Thanksgiving Day to December 31, 2016

Thanksgiving Day to December 31, 2017

Terminology:

- **Fraud Attempt Rate:** a transaction associated to any one or more of the following:

- Transaction data point confirmed fraud as a result of a merchant verifying
- Transaction data point matched a record in our ReD Shield global screening negative database—chargebacks, Credit Card Numbers being sold online in underground chat channels, or reported as fraud by an Issuer pattern matching a recent confirmed fraud behavior.

About ACI Worldwide

ACI Worldwide, the [Universal Payments](#) (UP) company, powers [electronic payments](#) for more than 5,100 organizations around the world. More than 1,000 of the largest financial institutions and intermediaries, as well as thousands of global merchants, rely on ACI to execute \$14 trillion each day in payments and securities. In addition, myriad organizations utilize our [electronic bill presentment and payment](#) services. Through our comprehensive suite of software solutions delivered on customers' premises or through ACI's [private cloud](#), we provide real-time, [immediate payments](#) capabilities and enable the industry's most complete [omni-channel payments](#) experience. To learn more about ACI, please visit www.aciworldwide.com. You can also find us on Twitter [@ACI_Worldwide](#).

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