

Fraud Attempts Expected to Increase 30% During Peak Holiday Season

November 22, 2017

Dramatic increase in fraud due to data breaches, account takeover and friendly fraud, according to new ACI Worldwide benchmark data of top merchants

NAPLES, FLA, Nov. 22, 2017 (GLOBE NEWSWIRE) -- Merchants and consumers are gearing up for the busy holiday shopping season and according to new benchmark data from [ACI Worldwide](#) (NASDAQ: ACIW), a leading global provider of real-time [electronic payment and banking solutions](#), merchants can expect a 30 percent increase in omni-channel fraudulent activity compared with the same period last year. The data* based on hundreds of millions of transactions from leading merchants, provides actionable insights that merchants, banks, financial intermediaries and consumers can leverage to protect against fraudulent activity this holiday season.

Principal findings include:

- Fraud attempt rates expected to increase 30 percent
 - Identity theft (via data breaches), account takeover (including phishing attacks) and friendly fraud (chargebacks) continue to be the biggest challenges to consumers and merchants
- Volume of purchases increased by 14 percent (Jan. 1, 2017-Oct. 31-2017), which is higher than the overall value of purchases (12%)
 - The overall value of sales is lower because products are competitively priced and consumers are lured by promotions, coupons and free shipping offers
 - Price continues to drive consumer loyalty —there is a massive price compression underway, particularly for online shopping
- The attempted fraud average ticket value (ATV), or a merchant's average size of individual sales by credit card, is expected to increase from \$210 to \$215
 - The ATV will go up because fraudsters are targeting pricier items
- Key trends driving 2017 fraudulent shopping activity
 - Electronics and home goods (vacuums, blenders, cookers) continue to be targeted by fraudsters
 - Fraudsters like immediacy: buy online and pick-up in store, and next-day shipment continue to be popular tactics
 - Massive data compromises led to a drastic climb in fraud over the summer
 - The 2016 trend of lower ticket prices continues in 2017, due to alternative shipping methods (e.g. buy online/pick-up in-store), low-priced electronics and promotions
 - 2017 ATV overall will be \$130, down from \$133 in 2016
- Peak shopping days
 - Cyber Monday is now expected to have the highest processing volumes of any day of the year with 17 percent more purchases than Black Friday



"Fraud is increasing at an alarming rate—due to a potent combination of data breaches, identity theft, account takeover and friendly fraud," said Erika Dietrich, global director of payments risk, ACI Worldwide. "Fraudsters continue to target electronics and home goods—and show preference for immediate purchases like buy online, pick-up in store and next-day delivery. It is imperative that both consumers and merchants protect themselves during the holiday shopping season given this new landscape of persistent and systemic fraudulent activity."

ACI ReD Shield—a key component of [ACI's UP Payments Risk Management solution](#)—delivers real-time, multi-tiered protection that's tailored to the needs of eCommerce merchants, payment service providers (PSPs) and Independent Sales Organizations (ISOs). This intelligent solution is delivered as a managed service through an expert team of risk analysts, and provides instant decisions (accept/challenge/deny) on eCommerce and mCommerce transactions.

Sensible Tips for Consumers to Combat Fraud this Holiday Shopping Season

1. Do shop at more reputable websites. One way to ensure that personal details and payment information is safe is to check the bottom right hand corner of a website during the check-out process and look for a security icon that ensures it's a safe transaction
2. Lock cell phones and use sophisticated passwords when mobile shopping
3. Use biometric authentication features on mobile device when possible (e.g. thumb print or facial recognition)
4. Do not use the same e-mail and password combination with multiple merchants; fraudsters can use these credentials for future account takeovers
5. For families with young children especially, set up pins for online accounts to avoid "friendly fraud" and subsequent chargebacks
6. Do not leave boxes on front porches. During the busy holiday shopping season, fraudsters are looking to pounce as consumers are distracted
7. Do not email or share any financial information over the phone—only enter financial information via secure online shopping sites
8. Do track and monitor credit and debit card spending. Automated alerts for online transactions can let consumers know exactly when they—or someone else—attempts to use a card

*** Methodology and Demographics:**

Approximately 20 ReD Shield Merchants representing hundreds of millions of transactions; these leading merchants have been utilizing ACI's service for two years.

Date Range:

January 1 to October 31, 2016

January 1 to October 31, 2017

Terminology:

- Volume is number of transactions, comparing last year to this year, like for like global retail customers
- Value is number of transactions, comparing last year to this year, like for like global retail customers
- 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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Attachments:

A photo accompanying this announcement is available at <http://www.globenewswire.com/NewsRoom/AttachmentNg/18ea7975-9427-467f-b0ea-a30069576793>

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