Fraud Attempts Expected to Increase 14 Percent During 2018 Peak Holiday Season

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Latest ACI Worldwide benchmark data of top merchants predicts online fraud attempts to peak on Thanksgiving Day; fraudsters to target big ticket electronics items, data warns

NAPLES, Fla.--(BUSINESS WIRE)--Nov. 14, 2018-- New benchmark data from ACI Worldwide (NASDAQ: ACIW), a leading global provider of real-time electronic payment and banking solutions, revealed a projected 14 percent increase in fraud attempts during the upcoming 2018 peak holiday season, based on hundreds of millions of merchant transactions, including some the world's leading global retail brands. As consumers and merchants prepare for the busiest shopping season of the year, the projected data shows that fraud attempts are likely to peak on Thanksgiving Day.

"The first step to fighting fraud is knowing what you're up against," said   Erika Dietrich, global director, Payments Risk, ACI Worldwide. "Fraudsters prepare for peak holiday season just as much as merchants and consumers do. By anticipating the increase in fraud during the holiday shopping season, and being aware of where fraudsters may be lurking, consumers and merchants can get ahead of fraudulent activity and protect themselves."

Principal findings from the data include:

- Fraud attempts expected to increase 14% during 2018 peak holiday season between Thanksgiving Day and Cyber Monday
  - Cross Channel fraud continues to grow:
    - In addition to traditional online channels, "buy online, pick up in-store" and call centers will be areas of focus for fraudsters
- Volume of purchases is expected to increase by 18% while the value of purchases is expected to increase by 19% between Thanksgiving Day and Cyber Monday in 2018, compared to the same period in 2017
- Volume of fraud attempts is projected to increase by 14%, while the value of fraud attempts is expected to increase by 17% between Thanksgiving and Cyber Monday, compared to the same period in 2017
- The attempted fraud average ticket price, or a merchant's average size of individual sales by credit card, is expected to increase 3% from $236 to $243

Thanksgiving Day

- Volume of transactions on Thanksgiving Day is expected to increase 23% in 2018 compared to 2017
- Volume of fraud attempts on Thanksgiving Day is expected to be high at 1.80%

Black Friday

- Volume of transactions on Black Friday is expected to increase 19% in 2018 compared to 2017
- Volume of fraud attempts on Black Friday is expected to be 1.30%

Cyber Monday

- Volume of transactions on Cyber Monday is expected to increase 14% in 2018 compared to 2017
- Volume of fraud attempts on Cyber Monday is expected to be 0.93%

"As the market matures and EMV technology makes card-present fraud harder, we expect overall fraud attempts to increase at a lower rate this year than they did in the last two years," Dietrich continued. "In addition, as more consumers purchase big ticket items like smartphones, TVs and other electronics, we expect the attempted fraud average ticket price to be higher this year than in previous years."

"Fraudsters will keep an eye on items that have limited inventory as it gives them an additional opportunity to steal and sell those items on the black market for a higher price so consumers and merchants alike must be vigilant in such cases," Dietrich concluded.

As the holiday season approaches, ACI Worldwide provides consumers with nine tips to combat fraud this holiday shopping season:

- **Shop at more reputable websites**. Check the bottom right hand corner of a website during the check-out process and look for a security icon that indicates it's a safe transaction
- **Don't use public Wi-Fi when shopping** . Personal and financial information are vulnerable on public Wi-Fi networks, so it's safest to shop through a private and secure Wi-Fi network
- **Be wary of public charging stations.** As consumers travel during the holiday season, "juice jacking," where fake kiosks are rigged to steal personal data from devices, is common
- **Use biometric authentication.** Take advantage of thumb print or facial recognition features on mobile devices when possible
- **Avoid using the same e-mail and password combination with multiple merchants**; fraudsters can use these credentials for future account takeovers
- **Set up pins for online accounts** to avoid "friendly fraud" and subsequent chargebacks – especially for families with

young children

- **Do not leave boxes on front porches**. During the busy holiday shopping season, fraudsters are looking to pounce as consumers are distracted
- **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
- **Check credit reports**. Various websites offer free credit scores, reports and insights that allow consumers to keep tabs on activity that impacts their score and ensure that it's accurate

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.

*Methodology:
The survey includes leading global merchants that utilize ACI ReD Shield, representing hundreds of millions of transactions globally; these merchants, most of whom are among the top 100 retailers, have been utilizing ACI's service for at least two years.

Date Range:
January 1, 2017 to October 31, 2018

Terminology:

- Volume: number of transactions, comparing last year to this year, like for like global retail customers
- Value: dollar value 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 behaviour.

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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