Merchants Use Fraud Management to Shore up Balance Sheets – ACI Worldwide Data

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MIAMI--(BUSINESS WIRE)--Oct. 13, 2022-- Recorded fraud attempts remained flat despite a surge in transaction volumes, values and increased number of payment methods, as the broader retail market used Amazon Prime Days 2022 to drive sales, according to new data from ACI Worldwide (NASDAQ: ACIW). ACI Worldwide is a global leader in mission-critical payments software and its merchant business serves tens of thousands of companies worldwide.

ACI's merchant fraud intelligence attributes the success to a combination of factors: increasing integrated fraud prevention technology, improved customer vigilance and security habits and merchants using fraud management to shore up balance sheets and not assessing losses.

Fraud attempts remained flat at 0.1 percent, despite a 25 percent increase in transaction volumes and a 20 percent rise in transaction value compared with 2021, as the broader retail sector used the event to boost sales, according to ACI. A 0.2 percent drop in eWallet fraud attempts was noted over the same period**,** the first recorded decline**.** An optimistic sign, given studies predict half the world's population will adopt eWallets by 2024.

"Fraud management solutions help guarantee higher acceptance rates and lower chargebacks, helping to shore up the balance sheet in times of economic uncertainty — this has not been lost on merchants who are shifting their mindset," said Erika Dietrich, head of fraud management and payment analytics, ACI Worldwide.

Dietrich added, "Advanced fraud management solutions are now viewed as revenue generators, and merchant enthusiasm for them is reaching new highs. As eCommerce — via mobile apps and alternate payment methods — continues to expand, reducing risk while raising revenue in real time has become the default position for our merchant customers."

"When merchants integrate advanced real-time fraud management solutions within the payments flow, higher fraud prevention figures are recorded overall," she concluded.

The ACI data highlighted below shows consistent approval levels combined with reduced rejection rates and chargebacks across multiple sectors.

	Transactions	**Approval rate**	**Chargebacks****
General Retail	**21%** increase	**>98%**	**0.01%**
Fashion Retail	**13%** increase	**>99%**	**0.02%**
Telco	**61%** increase	**>98%**	**0.01%**
Payment Method	**47%** increase	**>99%**	**0.01%**

** *chargebacks maturing*

Prime Days general retail performance results versus market average*

	Accept	**Deny**	**Challenge**	**Chargeback**
ACI performance General Retail	>99%	0-1.7%	0-1.1%	0.01%**
Market Average: U.S.	78.6%	3.4%	18%	3.1%
Market Average: International	76%	6%	18%	3.1%

** MRC Global Fraud and Payments Report 2022*

*** Chargebacks not mature*

New, integrated fraud management and orchestration technologies combined with consumer behavior look to be having an impact, which will come as welcome news for the $5.55 trillion global eCommerce industry — as every $1 lost through fraud now costs U.S. merchants $3.75.

"ACI is delivering enhanced security orchestration for merchants and a seamless shopping experience for customers, all in real time," added Dietrich.

"By restraining rising fraud, our comprehensive solutions provide unrivalled acceptance rates and reduce chargebacks, while providing trust, reassurance and a foundation for growth for our customers."

ACI Fraud Management for Merchants is a real-time, cloud-based, managed service that uses advanced AI (Artificial Intelligence), ML (Machine Learning) and behavioral analytics to identify and assess inconsistent and unexpected patterns and behaviors. The solution automatically advises and alerts enterprises and merchants to potential threats or anomalies.

About ACI Worldwide

ACI Worldwide is a global leader in mission-critical, real-time payments software. Our proven, secure, and scalable software solutions enable leading corporations, fintechs and financial disruptors to process and manage digital payments, power omni-commerce payments, present and process bill payments, and manage fraud and risk. We combine our global footprint with a local presence to drive the real-time digital transformation of payments and commerce.

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