

Two-Thirds of Retailers in the US and Europe Feel They Lack Tools to Tackle Omni-channel Fraud

Study commissioned by ACI Worldwide explores omni-channel fraud management, highlighting lack of consolidated fraud management within the retail industry

- 65 percent of retailers believe they lack adequate fraud management tools to support effective fraud management in an omni-channel environment, although 60 percent say they have a cross-channel strategy
- More than half of retailers (54%) agree or strongly agree that they do not have the skilled staff needed - and 66 percent agree or strongly agree that organizational silos hamper the management of fraud across channels

NAPLES, Fla.--(BUSINESS WIRE)-- More than 50 percent (54%) of retailers in the US and Europe still have to consolidate their fraud management solutions across all channels, according to new commissioned research conducted by Forrester Consulting for [ACI Worldwide](#) (NASDAQ: ACIW) and published in a report titled, [Managing Fraud in an Omni-Channel World](#).

The research reveals that omni-channel data aggregation, the increasing number of payment options, the demand for faster fulfillment and the rapidly changing nature of fraud all present significant challenges to retailers' [fraud management](#) programs.

Omni-channel retail sales are predicted to reach \$1.8 trillion (£1.1 trillion) in the US by 2017*, with sales in Europe predicted to hit €920 billion (£660 billion), or 44 percent of total European sales, by 2018.** As more consumers engage with retailers through multiple channels—with an ever-increasing range of payment methods and devices—retailers are faced with added challenges, including heightened exposure to fraud risk and increased complexity for fraud management.

"We are seeing an increase in cross-channel fraud that highlights the importance of having a cohesive omni-channel fraud strategy touching all sales channels. The survey shows that 60 percent of merchants believe they know what they need to do to combat fraudulent activity, but far fewer believe they have the tools to enable them to do this successfully," said Mike Braatz, senior vice president, ACI Worldwide. "The lack of adequate fraud management tools and skilled staff revealed in this survey is a real concern. Retailers need a combination of fraud rules and analytics that add speed and sophistication to fraud detection, and they need access to global fraud intelligence that can help them interpret and respond to fast changing patterns of fraud."

The study also shows a mismatch between fraud trends and retailers' ability to tackle new forms of fraud. For example, Card Not Present (CNP) transactions worldwide are growing at an annual rate of 15 percent, and will reach more than 27 billion (transactions) by 2018. By comparison, card-present (CP) transactions are expected to grow less than 5 percent (4%) during the same time period.*** However, less than half of retailers surveyed say they use real-time rules and neural models for the protection of their CNP channels, while almost two-thirds say they use such tools for their CP channels.

Apart from sophisticated tools and the shortage of adequately skilled staff, respondents also believe that lack of funding (60%) and executive sponsorship (63%) limit their ability to perform effective omni-channel fraud management.

"It is clear from our study that many retailers feel unprepared to face the fraud challenges of an omni-channel world," said Braatz. "There is a need for strategic and organizational changes, and an integrated approach to creating a true omni-channel environment for payments and fraud management."

ACI's [Universal Payments](#) (UP) Retailer Payments solution supports a variety of in-store, eCommerce and digital channels, providing the framework for retailers to create and manage a truly customer-centric experience across channels. ACI delivers advanced fraud prevention and payment data security tools and solutions to reduce merchant risk while protecting the brand and the bottom line. These include ACI ReD Shield, a premier [card-not-present \(CNP\) fraud detection](#) and prevention solution for eCommerce merchants.

To download a complimentary copy of the research report, please click [here](#) or visit: www.aciworldwide.com/omni-channel-fraud.

Note to editors:

*Source: US Cross-Channel Retail Forecast, 2012-2017, Forrester Research Inc., October 29 2013

**Source: European Cross-Channel Retail Sales Forecast, 2013-2018, Forrester Research Inc., April 28 2014

***Source: Business Insider, June 2014

Methodology

Forrester Consulting conducted this research on behalf of ACI Worldwide in March 2015, surveying 170 participants from across the US, UK, France, Germany and Italy. Participating organizations were retailers selling through both online and offline channels, with a minimum turnover of \$2B in the US and \$1B in Europe. Over 80 percent of the retailers surveyed were conducting business both domestically and internationally. All individual respondents were decision makers with responsibility for fraud management strategy and execution.

About ACI Worldwide

ACI Worldwide, the [Universal Payments](#) company, powers electronic payments and banking for more than 5,600 financial institutions, retailers, billers and processors around the world. ACI software processes \$13 trillion each day in payments and securities transactions for more than 300 of the leading [global retailers](#), and 18 of the world's 20 largest banks. Through our comprehensive suite of software products and hosted services, we deliver a broad range of solutions for payment processing; card and merchant management; [online banking](#); mobile, branch and voice banking; [fraud detection](#); trade finance; and [electronic bill presentment](#) and payment. To learn more about ACI, please visit www.aciworldwide.com. You can also find us on Twitter [@ACI_Worldwide](#).

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