ACI UNIVERSAL PAYMENTS™

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Global Fraud Attempts Increased by 31% During Holiday Shopping Season

New benchmark data from ACI Worldwide of top global merchants: 2016 holiday fraud attempt rates spiked on Christmas Eve and Shipment Cut-Off Day

NAPLES, FL -- (Marketwired) -- 01/17/17 -- Fraud and general retail growth each increased substantially during the 2016 holiday season, according to new benchmark data from ACI Worldwide (NASDAQ: ACIW). Fraud attempts increased by 31 percent, while the number of overall transactions increased by 16 percent.

The survey data*, based on hundreds of millions of transactions from global merchants during the 2015 and 2016 holiday shopping season (starting on Thanksgiving and ending on December 31) highlights key shopping -- and fraud activity -- trends. ACI ReD Shield, a premier CNP fraud detection and prevention solution for eCommerce merchants, processed 7 percent of Black Friday's online spend and 13 percent of Cyber Monday's total online spend.

Principal findings include:

- From Thanksgiving to December 31, 2016 compared to the same dates in 2015, the number of eCommerce transactions grew by 16 percent, while fraud attempts grew by 31 percent

- Fraud attempt rates were highest on Christmas Eve (1.6 percent), Shipment Cutoff Day (1.5 percent) and Shipment Cutoff -- Express (1.7 percent). The trends driving these peak fraudulent days include shipment cut-off and buy online pick-up in-store

- Average ticket price of an attempted fraud transaction decreased by 7 percent ($228 in 2016, down from $243 in 2015)
  - Reduced shipment price, low-priced electronics and promotions are driving this trend

"Over the 2016 holiday shopping season, merchants experienced significant growth in their digital channels, coupled with a substantial increase in fraud," said Markus Rinderer, senior vice president, Platform Solutions, ACI Worldwide. "Given the consistent and alarming uptick in fraudulent activity on key dates, merchants must be proactive in their efforts to identify weak points -- and define short and long-term strategies for improved security and enhanced customer experience."

- Key shopping dates by volume -- year-over-year transaction volume growth:
  - Cyber Monday: 15%
  - Black Friday: 19%

- During the 2016 holiday shopping season, the number of fraud attempts based on total population increased compared to the same time in 2015
  - In 2016, 1 out of every 97 transactions was a fraudulent attempt
  - In 2015, 1 out of every 109 transactions was a fraudulent attempt

At the NRF Annual Convention & Expo, January 15-17, 2017 in New York City, ACI will showcase its merchant omni-channel payment solutions, including POS and mPOS interoperability, eCommerce and mCommerce (via UP eCommerce Payments) and ACI Estate Management, through which ACI delivers a comprehensive hardware tracking system that allows merchants to track and report on any device within their organizations, regardless of vendor or model.

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:**

Total online spend calculated against Adobe market share figures.

The data is based on similar averages of ReD Shield customer data year over year.

Date Range:
November 26, 2015 to January 1, 2016
November 24, 2016 to January 1, 2017

Terminology:

- Volume is number of transactions, comparing the 2016 holiday season to the 2015 holiday season, like for like global retail customers
- Value is number of transactions, comparing the 2016 holiday season to the 2015 holiday season, like for like global retail customers
- Fraud Attempt Rate: a transaction associated to any one or more of the following:
  - Transaction data confirmed as fraudulent as a result of a merchant verification
  - Transaction data matched a record in ACI's 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 and SaaS-based solutions, we deliver 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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