

U.S. is the Global Fraud Hotspot, with Online Fraud Attempts Expected to Increase 43% During Peak Holiday Season Due to EMV Shift

Online fraud attempts expected to increase 12% globally, according to new ACI Worldwide benchmark data of top global retailers

NAPLES, Fla.--(BUSINESS WIRE)-- As the busy holiday shopping season approaches, global retailers can expect a 12 percent growth in online fraudulent activity in the upcoming holiday season, compared with the same period last year—and lower ticket prices on fraudster-targeted gifts and products, according to new benchmark data from [ACI Worldwide](#) (NASDAQ: ACIW). The data*, based on hundreds of millions of transactions from retailers globally, provides actionable insights that merchants can leverage to protect against fraudulent activity this holiday season.

Principal findings include:

- | Card Not Present (CNP) global online fraud attempt rates are expected to increase 12 percent by volume over the same peak holiday period in 2015—with sales to increase by nearly the same rate (13 percent) in 2016
 - | Fraud and new business growth are rising at the same rate globally
- | U.S. CNP fraud attempt rates are expected to increase by 43 percent by volume
 - | Following the U.S. adoption of EMV chip cards, which protects card data through encryption, fraud is shifting online as fraudsters are more effectively deterred from in-store fraud
- | The 2015 trend of lower ticket prices will continue in 2016, due to alternative shipping methods (e.g. buy online/pick-up in-store), low-priced electronics and promotions
 - | In the U.S., attempted fraud average ticket value (ATV), or a retailer's average size of individual sales by credit card, is expected to decline from \$239 to \$219, an 8 percent decrease
 - | Fraudsters are expected to focus on cosmetics, cordless headphones, sneakers and other lower-priced items (including 'Gift with Purchase' products) that can be easily resold on the black market or via auction websites

"Fraud is increasing at a rate nearly equal to general retail growth globally—and is exponentially increasing in the U.S., due to a seismic shift from in-store to online activity," said Mike Braatz, chief product officer, ACI Worldwide. "And because fraudulent activity is now considered to be an everyday occurrence, consumers and merchants must take every precaution as we head into peak holiday shopping season."

- | Attempted online fraud rate by region
 - | Africa: 4.3 percent, Europe: 3.6 percent, Asia: 3.6 percent, South America: 2.3 percent; North America: 1.6 percent
- | The expected peak fraud attempt day will be Christmas Eve, with nearly 2.5 percent fraud, due to the popularity of gift cards and last-minute shopping via buy online-pick up in-store
- | Cyber Monday is now expected to have the highest processing volumes of any day of the year—followed closely by Black Friday

"Merchants need to understand their peak days and the sales that drive those high velocity times to ensure risk strategies are effective and efficient," continued Braatz. "It's important to prioritize real-time fraud detection without alienating the consumer experience."

A key component of the UP Merchant Payments and UP Payments Risk Management solutions, ACI ReD Shield is a premier CNP fraud detection and prevention solution for eCommerce merchants. ACI's UP portfolio of solutions orchestrates all aspects of payments processing for any payment type, any channel, any currency and any network. ACI recently bolstered its cross-border eCommerce payment and CNP capabilities with the acquisition of PAY.ON, a leader in eCommerce payment gateway services.

*** Methodology and Demographics:**

ReD Shield Retailers (125), representing hundreds of millions of transactions—from retailers globally, which have been utilizing ACI's service for two years.

Date Range:

January 1 to October 31, 2015

January 1 to October 31, 2016

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 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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ACI Worldwide

Dan Ring, 781-370-3600

dan.ring@aciworldwide.com

or

Andrea Snyder, 781-370-4817

andrea.snyder@aciworldwide.com

Source: ACI Worldwide

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