

ACI Proactive Risk Manager™ for Merchant Fraud Detection

Although merchant processing organizations and financial institutions traditionally have focused on local merchants, electronic technology has generated a change in the structure of the merchant base by allowing acquirers to conduct business with merchants thousands of miles away. This environment increases the profit potential, but also significantly increases associated risk. Fraud also is on the rise with more organized crime groups getting involved with areas such as merchant bust out schemes. These market changes make early detection and follow up measures for suspicious merchant activity essential to profitability. Immediate identification and eradication of suspicious merchant activity are crucial to the success of these businesses.



The ACI Proactive Risk Manager™ Solution

ACI Proactive Risk Manager for Merchant Fraud Detection is a complete fraud detection solution for the merchant acquiring and processing environment. Proactive Risk Manager combines the power of expertly defined rules with a customized neural network model for fast, accurate and flexible response to the evolving nature of merchant fraud.



Proactive Risk Manager provides robust Microsoft® Windows®-based workflow management capabilities, with expert, rules-based strategies at the core of this process. This component builds upon the fraud expertise of the staff by allowing the creation of real time rules in addition to a set of best practice rules provided with the product. Summary data is also maintained for total and average amounts by dollar and transaction volumes. This summary data can compare current activity to past behavior over the previous seven-,30-or-90 day periods.

Each merchant's daily business is filtered through the set of established rules with transaction activity matching a rule, generating an alert delivered to reviewers via a Java™-based, user interface. Rules generate alerts for both merchant fraud schemes and cardholder attacks at the merchant. A comprehensive set of tools enables supervisors to direct workflow and manage reviewers.

Proactive Risk Manager also captures and maintains statistics on fraud savings, losses and reviewer/model performance to provide valuable fraud management information.

Through its optional neural network technology, Proactive Risk Manager compares all merchant activity with the custom fraud model and recorded patterns of behavior for each store location, whether brick-and-mortar or virtual. The solution then assesses and scores the risk for each transaction in real time using a variety of advanced algorithms, parameters and accumulated statistics. This component can further reduce false positives and increase detection accuracy.

Identify and Reduce Merchant Fraud

Proactive Risk Manager's ability to accurately identify merchant fraud allows users to immediately recognize fraudulent behavior. The system sends alerts in near time or batch, allowing for earlier detection of attempted fraud. This allows reviewers to take defensive action on high-risk merchants greatly reducing potential losses.

Proactive Risk Manager provides analysts with a complete view of the account master file and daily transaction detail with suspicious activity highlighted for further analysis.



The comprehensive data provides sufficient information to further the investigative process and to make quick and effective decisions.

Automate Time Consuming Manual Processes

In addition to the built-in workflow capabilities of Proactive Risk Manager, the optional automated case management system provides the sophistication and flexibility needed to automate manual policies and procedures. The system offers an adaptable architecture that easily accommodates existing processes while providing a controlled, automated environment for adding and refining future case management procedures.

Customers can model, validate and deploy new processes from a central location. The automated case management system automatically queues and distributes work assignments, monitors their completion in accordance with current policies, and issues alerts or invokes escalation procedures when necessary.

Meet Business Goals

Proactive Risk Manager allows organizations to implement the features that meet their needs and are most cost effective to their operations.

The expert, rules-based system provides alerts in either near or real time. This affords a cost-effective solution for combating card related merchant fraud. The addition of the neural network scoring system improves detection accuracy and reduces false-positive ratios, enhancing the productivity of fraud analysts and reducing operations costs.

The ACI Advantage

Proactive Risk Manager's neural fraud models are based on each acquirer's merchant portfolio rather than industry data. This custom modeling technique enhances the system's fraud detection capabilities, which provides maximum protection of the value at risk.

Proactive Risk Manager ensures accurate detection while protecting legitimate customers. Fraud models can be updated or retrained to adapt to

- ▶ Provides early warning of suspect activity with powerful and accurate neural network models, reducing fraud and limiting the impact on merchants in good standing
- ▶ Allows organizations to react quickly to emerging fraud by using rules-based strategies matched against a set of user-defined fraud profiles
- ▶ Offers a Microsoft® Windows®-based interface to automate workflow management, increasing reviewer performance
- ▶ Allows remote access via the Internet or intranet via a Java™-based user interface
- ▶ Aggregates merchant activity for seven-, 30- and 90-day periods to comply with association monitoring requirements
- ▶ Captures and maintains statistical data on queue status, reviewer and model performance to provide valuable fraud management information
- ▶ Interoperates with an existing authorization system
- ▶ Operates on a wide range of platforms, including HP NonStop™, IBM MVS™, Sun Solaris™ and Microsoft® Windows®
- ▶ Integrates with BASE24®

features
at a glance

new and existing fraud patterns. Users can update models in-house as often as necessary.

Experience, Expertise

Every second of every day, more than 500 organizations around the world rely on ACI solutions to power online payment systems in both emerging and traditional channels. More customers use our software to manage higher payment volumes, of greater diversity, across more platforms and geographies, than any other provider in our field. Since 1975, ACI has consistently provided payments software solutions to the world's innovators. We welcome the opportunity to do the same for you.

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