BUSINESS CASE STUDY

PAYMENTS RISK MANAGEMENT™

Tackle fraud threats that impact customer satisfaction, reputational risk and the bottom line

89% of surveyed customers have seen a 21-30% or more decrease in fraud rates since they began using Proactive Risk Manager

50% of surveyed customers saw fraud management benefits after deploying ACI Proactive Risk Manager™ in the first 30 days or less

ACI has evolved into a true Enterprise Fraud Management provider

Data breaches are now regarded as “inevitable” and financial data is prized

TechValidate Survey

Aite Group
• **Data breaches** are now regarded as “inevitable” and financial data is prized.

• Fraud players are now nations and crime syndicates with the motivation and means to attack the most sophisticated defense systems.

• Industry standards and regulations are reactive and complicated just to try and stay current. With liability burdens shifting, “I don’t know what I don’t know” is becoming the rule rather than the exception.

• Disjointed fraud prevention systems cannot detect multi-pronged attacks which may slip through strong individual defenses undetected.

• Without an in-flight (real-time) solution, the first fraudulent transaction is hopelessly lost. The move to real-time payments needs real-time fraud prevention and detection.

• Institutions cannot effectively use their best line of defense, the analyst, who is distracted by cases or manual operations that should be automated.

• Mobile puts the customer in the fight against fraud, but also offers a new channel to exploit.
## CUSTOMER CHALLENGES AND OPPORTUNITIES

<table>
<thead>
<tr>
<th>EXECUTIVE SUITE (CRO)</th>
<th>IT (IT SECURITY/SYSTEMS ADMINISTRATOR)</th>
<th>LINE-OF-BUSINESS OWNERS (VP/DIRECTOR OF FRAUD/RISK)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CUSTOMER CHALLENGES</strong></td>
<td>Cost reduction (multiple systems); inefficient use of resources spent on duplicated functionality, multiple contracts, maintenance</td>
<td>Reduce fraud losses; higher than necessary fraud losses because of slow-to-market, untested counter measures; minimize good customer impact</td>
</tr>
<tr>
<td>Loss of trust with customers and stockholders</td>
<td>Improve implementation; reduced ROI due to lengthy implementations and costly interfaces</td>
<td>Cross-channel monitoring; undetected emerging threats due to lack of visibility across channels</td>
</tr>
<tr>
<td>Loss of brand prominence from negative publicity</td>
<td>Prioritization of multiple initiatives from line-of-business and corporate initiatives</td>
<td>Inefficient analyst resource utilization due to fraud system limitations</td>
</tr>
<tr>
<td>Maintaining positive relationships and diminished credibility with strategic partners</td>
<td>Integration; difficulty of developing and maintaining custom interfaces with unique configurations</td>
<td>Compliance; liability exposure due to non-compliance with evolving government regulations</td>
</tr>
<tr>
<td>Loss of market share from decreased usage and back of wallet due to customer insecurity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### VALUE

<table>
<thead>
<tr>
<th>Executive Suite (CRO)</th>
<th>IT (IT Security/Systems Administrator)</th>
<th>Line-of-Business Owners (VP/Director of Fraud/Risk)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>40 years of end-to-end secure payments leadership</strong></td>
<td>One system for all risk needs with reduction in implementation and support costs</td>
<td>Rapid testing and deployment of real-time countermeasures</td>
</tr>
<tr>
<td>Best-in-class, market-leader recognition by leading industry analyst firms</td>
<td>Unsurpassed “best-practice” experience with hundreds of installations across the world</td>
<td>Single platform solution for all risk channels provides visibility to evolving threats.</td>
</tr>
<tr>
<td>Increased customer satisfaction through reduced false positives</td>
<td>Industry-leading R&amp;D investment of at least 18% guards against obsolescence.</td>
<td>Highly configurable to automated actions and workflow to focus on “highest value” threats</td>
</tr>
<tr>
<td>Real-time visibility/capability leading to fraud prevention and reduction in fraud rates</td>
<td>Well established and robust delivery practices ensure reliable and timely implementations.</td>
<td>Regular updates and releases ensure “best-of-breed” fraud capability is always available.</td>
</tr>
</tbody>
</table>
## ADDITIONAL CUSTOMER VALUE

<table>
<thead>
<tr>
<th>FOR EXECUTIVES (CIO, CFO, CSO)</th>
<th>IT TEAMS (IT SECURITY/SYSTEMS ADMINISTRATOR)</th>
<th>LINE-OF-BUSINESS OWNERS (VP/DIRECTOR OF FRAUD/RISK)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Best-in-class recognition</strong> by groups, including Aite, Forrester, IDC and TowerGroup, recognizing advanced analytics and ability to react quickly to emerging fraud</td>
<td><strong>Successful implementations</strong> utilize a low risk, well established implementation process with a 95%+ success rate.</td>
<td><strong>Intuitive solution</strong> improves time to market and ability to add additional channels at reduced cost.</td>
</tr>
<tr>
<td><strong>Peer customer references</strong> provide assurance of real-world fraud economics with reliability and scalability.</td>
<td><strong>Highly experienced project staffing</strong> with teams dedicated to the fraud detection business ensures focus.</td>
<td><strong>One system for all fraud detection tasks improves fraud detection, reduces costs and improves customer satisfaction.</strong></td>
</tr>
<tr>
<td><strong>Extremely high success in fraud identification</strong> with low false positives yielding reduced losses and high customer satisfaction</td>
<td><strong>Off-the-shelf interfaces</strong> yielding fast time-to-market implementations using tested and maintained integration points</td>
<td><strong>Real-time decision capability</strong> yields improved fraud detection without having to let the first fraudulent transaction go.</td>
</tr>
</tbody>
</table>
REAL RESULTS

• Tier one Australian bank reported $400k savings in first month in reduced fraud. Achieved 96% detection rate with less than a 5:1 false-positive rate and halved losses from counterfeit card-not-present transactions.

• An Italian processor went live within two months of project kickoff and was able to stop fraud on the first day of live production.

• Tier one Canadian bank reduced fraud losses by $2.4M/month after installing Proactive Risk Manager real-time rules and scoring.

• A tier one U.S. bank estimates >$20M savings over five years through improved detection, increased efficiency and system consolidation.

• A major Canadian bank reduced debit card fraud alerts by 84% through the use of the solution’s profiling technology. The bank also reduced anti-money laundering alerts by 50% while experiencing a lift to a 98% fraud detection rate. The improved system efficiency has allowed the bank to reduce the dedicated resources required for fraud monitoring by 50%.

• A Canadian credit union implemented Proactive Risk Manager in less than four months. The project finished ahead of schedule and below budget with a reduction in organizational debit fraud losses by more than 43%. The solution facilitated preventing fraud on average 10 times faster than before. Additionally, the savings from Proactive Risk Manager made it possible for the credit union to recover the project costs in just six months!

<table>
<thead>
<tr>
<th>AREA OF SAVINGS OR REVENUE GROWTH</th>
<th>IMPACT RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>REDUCTION IN FRAUD LOSSES</td>
<td>Large enterprise $5-25M</td>
</tr>
<tr>
<td></td>
<td>Medium enterprise $3-5M</td>
</tr>
<tr>
<td></td>
<td>Small enterprise $1-3M</td>
</tr>
<tr>
<td>FASTER DETECTION</td>
<td>Large enterprise $100-500k</td>
</tr>
<tr>
<td></td>
<td>Medium enterprise $30-100k</td>
</tr>
<tr>
<td></td>
<td>Small enterprise $10-30k</td>
</tr>
<tr>
<td>ACCELERATED GO-TO-MARKET (PROACTIVE RISK MANAGER AS LITTLE AS 90 DAYS)</td>
<td>Large enterprise $750k-$3.75M</td>
</tr>
<tr>
<td></td>
<td>Medium enterprise $450-$750k</td>
</tr>
<tr>
<td></td>
<td>Small enterprise $150-$450k</td>
</tr>
<tr>
<td>BRAND PROTECTION/REPUTATION (ATTRITION, FUTURE GROWTH, PR)</td>
<td>Priceless</td>
</tr>
</tbody>
</table>
HOW PAYMENTS RISK MANAGEMENT™ CAN HELP

• 40 years of payments experience

• A global team of dedicated fraud and financial crime management industry experts monitoring emerging threats from all corners of the world and sharing insights with ACI customers with practical recommendations to get ready before any consortium model can adjust

• Single enterprise platform facilitating cross-channel/cross-payment monitoring with one click, on one screen

• Best-in-class rules engine and analytics coupled with deep experience in real-time payment processing environments

• Built-in interfaces to all major industry banking systems and a well established process to customize where needed; expert staff to reduce time to market to as little as 90 days

• 160+ customers globally trust ACI for fraud and risk management solutions.
WHAT THE ANALYSTS SAY

**TECHVALIDATE**


- 33% of surveyed customers have seen a >50% decrease in fraud rates since they began using Proactive Risk Manager.
- 50% of surveyed customers saw fraud management benefits after deploying Proactive Risk Manager in the first 30 days or less.
- 89% of surveyed customers have seen a 21-30% or more decrease in fraud rates since they began using Proactive Risk Manager.

“We use the Proactive Risk Manager application as a main source to detect on our card-based portfolios. Through various strategies, it allows us to mitigate fraud and enhance customer experience.”

**Director of Fraud, Large enterprise financial services company**

“It gave us the tools and flexibility to address fraud in a proactive manner. We are able to quickly adjust the rule set and present the right alerts to the fraud analysts.”

**Manager of Fraud Analytics, Large enterprise banking company**

“The ability to change rules quickly without the need for a model to learn new fraud MOs is indispensable. We like the fact that the rules can be as complex as we want them to be, rather than relying on a graphical rules builder.”

**Manager of Fraud Analytics, Small business banking company**

“It’s enabled us to gather and analyze data to identify patterns that can be mitigated with rules of varying complexity.”

**Fraud Technician, Medium enterprise banking company**

“Proactive Risk Manager has increased our detection speed and given us visibility where we had none before.”

**Fraud Analyst, Medium enterprise banking company**

“Proactive Risk Manager allows the fraud analyst team to work almost independently and autonomously, which equates to shorter lead times in reacting to threats and trends in near real time.”

**Fraud Analyst, Large enterprise financial services company**

“Proactive Risk Manager is very flexible and easy to use, which is greatly valued by our analytical staff.”

**VP of Fraud, Large enterprise banking company**

“With the introduction of Proactive Risk Manager in our Risk operation, the fraud detection processes became stable, fast and more accurate.”

**Ali Al-Rabia, IT Project Manager, Banque Saudi Fransi**

“This one platform allows us to detect and/or prevent fraud losses across all of our channels in both real time and near-real time through a simple yet very open rule strategy. This allows a balance of customer to fraud approach.”

**Manager of Fraud, Medium enterprise banking company**

“Proactive Risk Manager has increased our detection speed and given us visibility where we had none before.”

**Fraud Analyst, Medium enterprise banking company**
ACI Worldwide, the Universal Payments company, powers electronic payments and banking for more than 5,000 financial institutions, retailers, billers and processors around the world. ACI software processes $13 trillion each day in payments and securities transactions for more than 250 of the leading global retailers, and 21 of the world’s 25 largest banks. Universal Payments — is ACI’s strategy to deliver the industry’s broadest, most unified end-to-end enterprise payment solutions. Through our comprehensive suite of software products and hosted services, we deliver solutions for payments 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.

INDUSTRY ANALYST COVERAGE

“While ACI may once have been known primarily for support on credit card fraud, the company has evolved into a true EFM provider. In its quest to move beyond cards, it has added a lot of additional payments and delivery channel functionality to support clients via its Proactive Risk Manager.”

Enterprise Fraud Management: Still Evolving After All These Years — Aite Group (May 2014)

“ACI’s fraud consultancy services have received additional investment recently and are a highly valued complement to the company’s software offering.”

Card Fraud Detection Software: Enterprise and Transaction Solutions Converge — Mercator Advisory Group (March 2014)

“ACI excels in the fields of statistical modeling, case management and integration.” Strong Performer ranking.

The Forrester Wave: Enterprise Fraud Management — Forrester (March 2013)

“Proactive Risk Manager has proven capabilities in large scale and multi-country operations.” Best-in-Class ranking.

Card Fraud Management Systems: Technology Analysis — CEB TowerGroup (November 2012)

“ACI has a comprehensive vision of fraud detection that includes a robust analytics approach and feature-rich rules management capabilities.”

Enterprise Fraud Management: Technology Analysis — CEB TowerGroup (November 2012)

“ACI’s Proactive Risk Manager is one of the most established AML systems on the market.”

Anti-Money Laundering: Technology Analysis — CEB TowerGroup (December 2012)