

WHY THE ANSWER IS AN ANALYST



EXECUTIVE SUMMARY

Today's fast-changing global payments landscape is focused on choice and flexibility for consumers — with a growing variety of channels, payment types, fulfillment methods and goods on offer. But with this choice and variety comes opportunity for fraudsters, in at least equal measure.

In this omni-channel environment, striking the right balance between fraud prevention and customer service is a challenge that requires efficient processes, high-performing teams and advanced technology. Above all, it needs human intelligence and ongoing expert analysis to shape, drive and monitor strategies.

At ACI, we have seen how having the right people in place can play a critical part at every stage of an effective fraud management strategy. What is more, experienced analysts working alongside our customers can deliver benefits beyond fraud prevention, creating fraud management strategies that enable business growth and generate new revenue streams.

1

KNOWLEDGE IS POWER

Access to a wealth of data is unquestionably one of the most critical resources in both fighting fraud and reducing friction for genuine consumers. Merchants receive data from a variety of sources including:

- Personal information direct from customers
- IP address, device ID and behavioral data captured via online shopping channels
- Issuer information around payment cards and chargebacks

Add to this the ability to integrate comprehensive external intelligence such as IP geolocation data, blacklists and confirmed fraud intelligence shared across the merchant and banking community, and data becomes a very powerful tool that acts as a window into fraud trends and customer behavior.

Timely and ongoing interpretation of this data is critical to distinguish good customers from potential fraudsters, but with hundreds of data points to analyze — ideally in real time — turning that data into actionable intelligence can be a huge challenge. It is a challenge that cannot be handled by fraud systems alone.

Fine-tuning fraud prevention strategies in line with changing trends requires continuous, proactive analysis of available data. This analysis enables decisions on what actions to take, both in relation to an individual transaction and to emerging trends and fraud patterns. At ACI, we believe this process is most effective when it is driven by dedicated fraud experts — specialists who understand and are invested in constantly improving their knowledge of today's (and tomorrow's) fraud landscape. More than this, experts who appreciate the fraud challenges unique to a merchant's sector and individual business can apply their skills to select the most appropriate rules and strategies in support of that business' growth targets and key performance indicators (KPIs).

2

GETTING THE BEST FROM TECHNOLOGY

Whether a merchant uses predictive modeling capabilities, a rules-based engine or a combination of the two to detect fraud, these solutions need to be tailored, implemented, monitored and adjusted by fraud experts.

Fraud rules and predictive models must be built on a thorough understanding of the data available (internal and external) and rules must be adapted in line with seasonal changes and promotions, emerging trends, merchant KPIs and market developments. Fraud detection levels must be measured and monitored for optimum performance.

Expert analysts can also deliver extra value to other parts of the business. Geographic expansion, product diversification, and the introduction of new channels and payment types all carry their own unique set of risks on which analysts can advise and for which fraud strategies can be adjusted. It is this level of tailored, expert support that can change a good fraud detection system into a highly effective holistic fraud and risk management solution.

3

SUPPORTING TIMELY ACTION

Fraudsters are becoming increasingly sophisticated as they test for, learn and then exploit our weaknesses. They are moving more rapidly and their activities must be identified and shut down quickly before serious losses are suffered. This is why proactive detection and prevention by expert risk analysts are so important.

Using business intelligence and analytics tools combined with system alerts, a knowledgeable analyst can quickly analyze transactions, monitor rules performance, assess patterns and identify emerging trends in real time, spotting and stopping suspicious and fraudulent activity in its tracks.

This is particularly important during major incidents, when merchants need to know instantly how they've been affected and what action to take to support impacted customers. The ability to rapidly analyze and report on incidents can make all the difference to reputation management, as well as loss prevention and damage limitation.

ACI RISK ANALYSTS REVIEW HUNDREDS OF REAL-TIME DATA POINTS AND DRAW ON OUR GLOBAL DATABASE TO IDENTIFY MERCHANT-SPECIFIC AND INDUSTRY-WIDE TRENDS. THIS INTELLIGENCE IS THEN USED TO INFORM CUSTOMER FRAUD STRATEGIES.

CASE IN POINT: PREVENTING FRAUD WHILE ENABLING BUSINESS GROWTH

A leading airline was experiencing fraud issues across a number of channels, with last minute bookings being one of the biggest problem areas. Many of these transactions were being conducted using U.S. cards and the card schemes had introduced the possibility that the airline's U.S. sales channel would be shut down due to unacceptably high fraud rates. This presented a huge threat to the company's profitability and growth prospects.

ACI's risk analysts worked closely with the airline's team to review existing rules and analyze historical transaction data and customer behavior profiles. Based on their industry knowledge, the ACI team recommended several new data fields to enhance the airline's fraud strategies, and a focus on critical issues such as consistently prioritizing short-notice bookings in the fraud screening process.

In the first year of the collaboration with ACI:

- An average 97% of all confirmed fraud was denied by the rules, saving the airline \$3 million.
- Manual review rates were reduced from 12% to less than 5%.
- Chargeback rates fell to less than 0.1% on average.

The airline has since made a success of its U.S. sales channel and safely expanded into other geographies.

And risk analysts don't only work on transactions in real time. They will often continue to investigate the true profile of a transaction long after it has taken place. Further screening — one hour, 24 hours, 72 hours or 30 days after the original transaction occurred — can help to build a more accurate,

detailed profile of transactions and associated fraud. In this way, transactions that are initially accepted and later identified as suspect or confirmed fraud can still be recovered — by halting shipments, cancelling bookings and preventing further similar orders from being processed. In this way, too, merchants can reduce chargebacks, shipping costs and product losses.

4 FRAUD EXPERTISE AT YOUR FINGERTIPS

The ACI risk analyst team is based across five continents. Its members have experience across a wide range of industries and payment types. This experience, coupled with access to real-time, transaction-level data and a toolset that allows retrospective analysis, puts our team in a powerful position to deliver fast, accurate analysis and support well-informed business decisions.

ACI ReD Shield® customers are provided with a dedicated analyst as part of their managed fraud prevention solution. The analyst is responsible for helping to develop and manage the risk strategy and for supporting the customer in addressing their short- and longer-term fraud prevention needs. Working as an extension to the in-house team, the ACI analyst gives the merchant ongoing access to deep fraud expertise and current intelligence, helping to ensure that fraud prevention strategies remain optimal, supporting loss prevention, customer service and revenue growth — and allowing the customer to focus on core business operations.

“ THE KNOWLEDGE OF THE ACI TEAM AND THE RISK ANALYSIS TEAM WAS VERY PROFESSIONAL AND HELPFUL TO IMPLEMENT THE TOOL. THE TOOL HAD A SIGNIFICANT IMPACT ON OUR DAILY WORK AND REDUCED THE CHARGEBACK RATE BY HALF IN SIX MONTHS.”

Nicolas Bosmans
Fraud Manager
Voyages-sncf



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 solutions delivered on customers' premises or through ACI's private cloud, we provide real-time, immediate payments capabilities and enable the industry's most complete omni-channel payments experience.

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