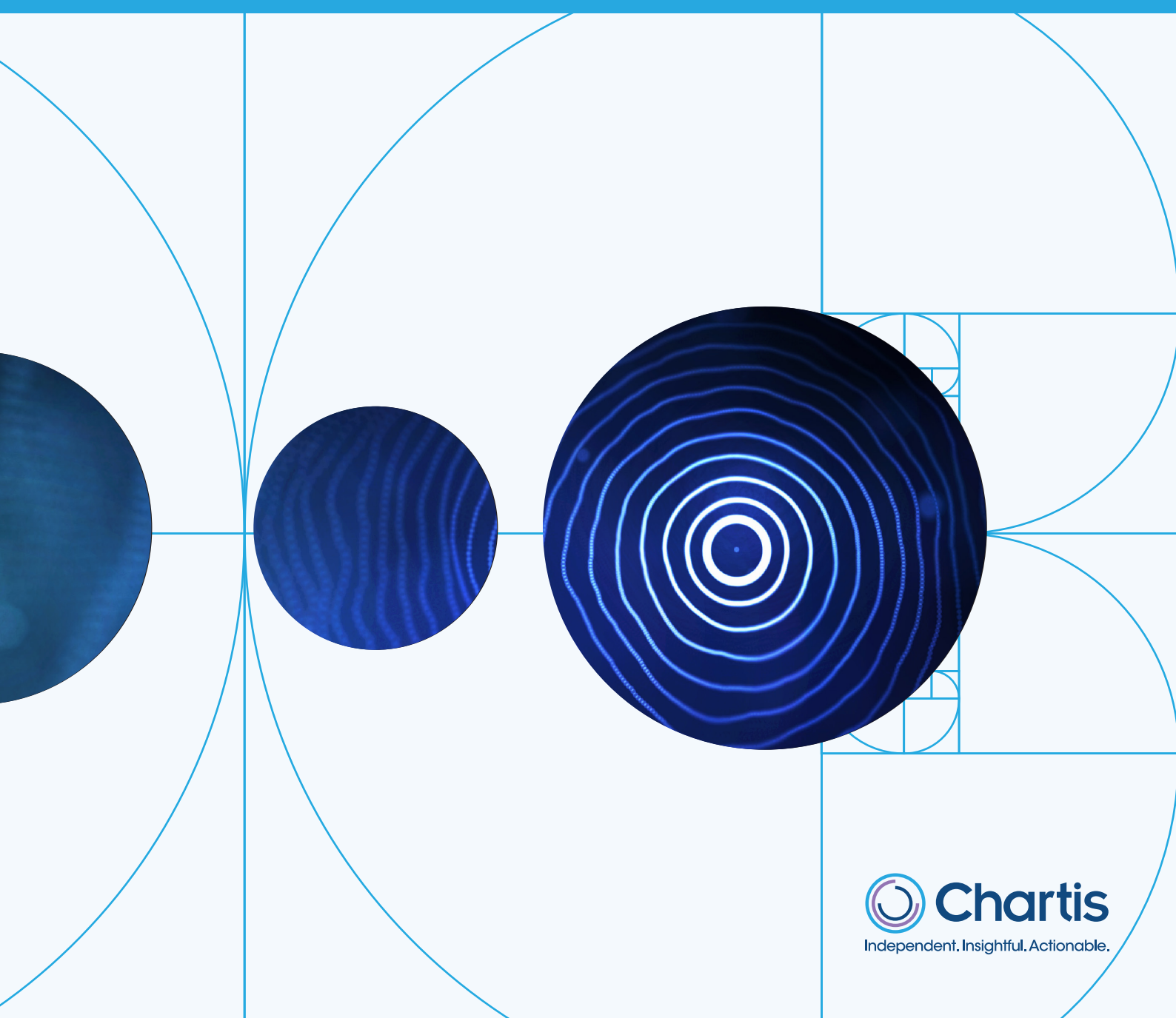


# ACI Worldwide: RiskTech Quadrant®

Enterprise Fraud Solutions, 2021





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- Credit risk.
- Operational risk and governance, risk and compliance (GRC).
- Market risk.
- Asset and liability management (ALM) and liquidity risk.
- Energy and commodity trading risk.
- Financial crime including trader surveillance, anti-fraud and anti-money laundering.
- Cyber risk management.
- Insurance risk.
- Regulatory requirements.
- Wealth advisory.
- Asset management.

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The firm has brought together a leading team of analysts and advisors from the risk management and financial services industries. This team has hands-on experience of implementing and developing risk management systems and programs for Fortune 500 companies and leading consulting houses.

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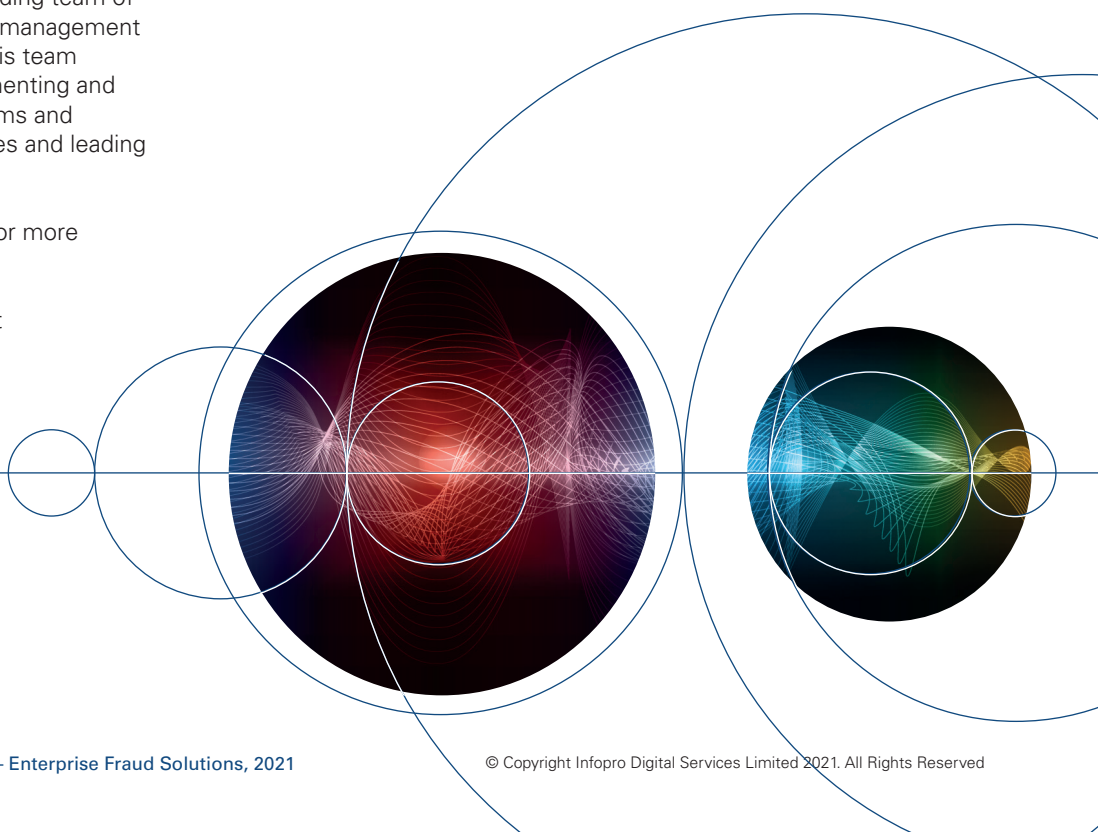
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## 1. In this research paper

This research paper is based on material originally published in the Chartis Research report *Financial Crime Risk Management Systems: Enterprise Fraud; Market Update and Vendor Landscape, 2021*. It includes the following:

- RiskTech Quadrant® for enterprise fraud solutions.
- ACI Worldwide: enterprise fraud market position and capabilities.
- RiskTech Quadrant® methodology.

## 2. RiskTech Quadrant® for enterprise fraud solutions

Figure 1 illustrates Chartis' view of the vendor landscape for enterprise fraud solutions.

The RiskTech Quadrant® is a proprietary research methodology that draws data inputs from a range of sources, including our request for information (RFI) questionnaire, vendor interviews, buy-side interviews, and other market intelligence sources. We consider the range of outsourced trading services, as well as the trading technology stack, investment team integration, and governance.

Appendix A describes the research methodology used for the RiskTech Quadrant®. Specifically, we analyzed the following factors in this study:

Completeness of offering:

- Advanced/proprietary fraud-detection techniques.
- Behavioral monitoring.
- Libraries of pre-packaged fraud rules.
- Case management and workflow.
- Card fraud.
- Mobile fraud.
- Electronic payments fraud.
- Check-based fraud.
- Real-time transaction monitoring.
- Data-provision capabilities (e.g., device ID, etc.).

Market potential factors:

- Customer satisfaction.
- Market penetration.
- Growth strategy.
- Financials.
- Business model.

Figure 1: RiskTech Quadrant® for enterprise fraud solutions, 2021



Source: Chartis Research

### 3. ACI Worldwide: enterprise fraud market position and capabilities

#### ACI Worldwide: profile and history

Founded in 1975, ACI Worldwide is a payment systems company headquartered in Naples, Florida. It develops software that focuses on facilitating real-time electronic payments and managing anti-fraud capabilities. These products and services are used globally by banks, financial intermediaries (such as third-party electronic payment processors), payment associations, switch interchanges, merchants, corporations, and a wide range of transaction-generating endpoints. ACI Fraud Management for Banking focuses on enabling anti-fraud capabilities for banks, acquirers, processors and networks.

With offices in 34 countries, the company employs about 4,000 people worldwide, and had revenue of \$1.29 billion in 2020.

#### Quadrant commentary

The volatility of the market for enterprise fraud solutions highlights significant correlation between market potential and completeness of offering. This is primarily because the enterprise fraud marketplace has been (and continues to be) characterized by relatively quick uptake of solutions, and more specificity in requirements.

It therefore tends to be a marketplace in which success in providing capabilities can quickly translate into large gains in market presence. In addition, service and installation capabilities are highly prized, resulting in some correlation between the size of the firm and its ability to deliver.

Capabilities are typically geographically siloed to some extent, but many market leaders have strong, durable presence within a given market. European and US-focused fraud vendors continue to have strong success, but we have also seen more solutions addressing the Indian and Chinese marketplaces, and expect to see these trends continue in future.

#### ACI Worldwide: enterprise fraud offering

With significant strengths in real-time monitoring and advanced analytics capabilities, combined with a strong background and client base across card, account and mobile fraud management, ACI Worldwide has a Category Leader position in Chartis' Enterprise Fraud RiskTech Quadrant®.

ACI Worldwide's advanced and proprietary fraud-detection techniques are enhanced by machine learning and behavioral analytics. In addition, the company's proprietary 'network intelligence' technology enables firms (such as banks, payment processors and acquirers) to share fraud information and warnings cross-industry, giving concerned parties a view of emerging threats across regions and markets.

This process includes specialized business-focused neural and predictive models, and enables institutions to utilize supplementary score engines from third parties. ACI Model Generator includes machine learning capabilities and tools to analyze punctuation, relevance and model features.

Case management capabilities include robotic process automation, which is used to improve operational efficiency, process data and transactions automatically and trigger customer outreach. The solution also offers retrospective screening, to enable firms to screen live transactions and orders against continually updated fraud intelligence data.

The solution also covers a wide variety of fraud typologies, with notable and historic strengths in card fraud; it also covers transaction monitoring in mobile and electronic payments. Due to its background in payments processing, ACI Worldwide has a particular strength in real-time transaction monitoring.



## 4. Appendix A: RiskTech Quadrant® methodology

Chartis is a research and advisory firm that provides technology and business advice to the global risk management industry. Chartis provides independent market intelligence regarding market dynamics, regulatory trends, technology trends, best practices, competitive landscapes, market sizes, expenditure priorities, and mergers and acquisitions. Chartis' RiskTech Quadrant® reports are written by experienced analysts with hands-on experience of selecting, developing, and implementing risk management systems for a variety of international companies in a range of industries including banking, insurance, capital markets, energy, and the public sector.

Chartis' research clients include leading financial services firms and Fortune 500 companies, leading consulting firms, and risk technology vendors. The risk technology vendors that are evaluated in the RiskTech Quadrant® reports can be Chartis clients or firms with whom Chartis has no relationship. Chartis evaluates all risk technology vendors using consistent and objective criteria, regardless of whether or not they are a Chartis client.

Where possible, risk technology vendors are given the opportunity to correct factual errors prior to publication, but cannot influence Chartis' opinion. Risk technology vendors cannot purchase or influence positive exposure. Chartis adheres to the highest standards of governance, independence, and ethics.

### Inclusion in the RiskTech Quadrant®

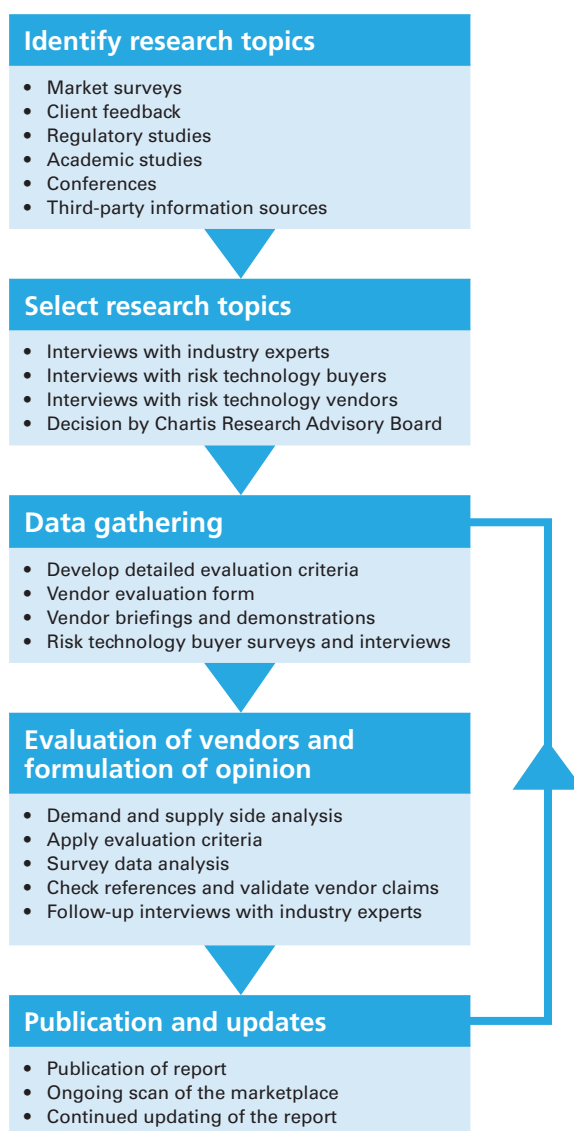
Chartis seeks to include risk technology vendors that have a significant presence in a given target market. The significance may be due to market penetration (e.g. large client-base) or innovative solutions. Chartis does not give preference to its own clients and does not request compensation for inclusion in a RiskTech Quadrant® report. Chartis utilizes detailed and domain-specific 'vendor evaluation forms' and briefing sessions to collect information about each vendor. If a vendor chooses not to respond to a Chartis vendor evaluation form, Chartis may still include the vendor in the report. Should this happen, Chartis will base its opinion on direct data collated from risk technology buyers and users, and from publicly available sources.

### Research process

The findings and analyses in the RiskTech Quadrant® reports reflect our analysts' considered opinions, along with research into market trends, participants, expenditure patterns, and best

practices. The research lifecycle usually takes several months, and the analysis is validated through several phases of independent verification. Figure 2 below describes the research process.

**Figure 2: RiskTech Quadrant® research process**



Source: Chartis Research

Chartis typically uses a combination of sources to gather market intelligence. These include (but are not limited to):

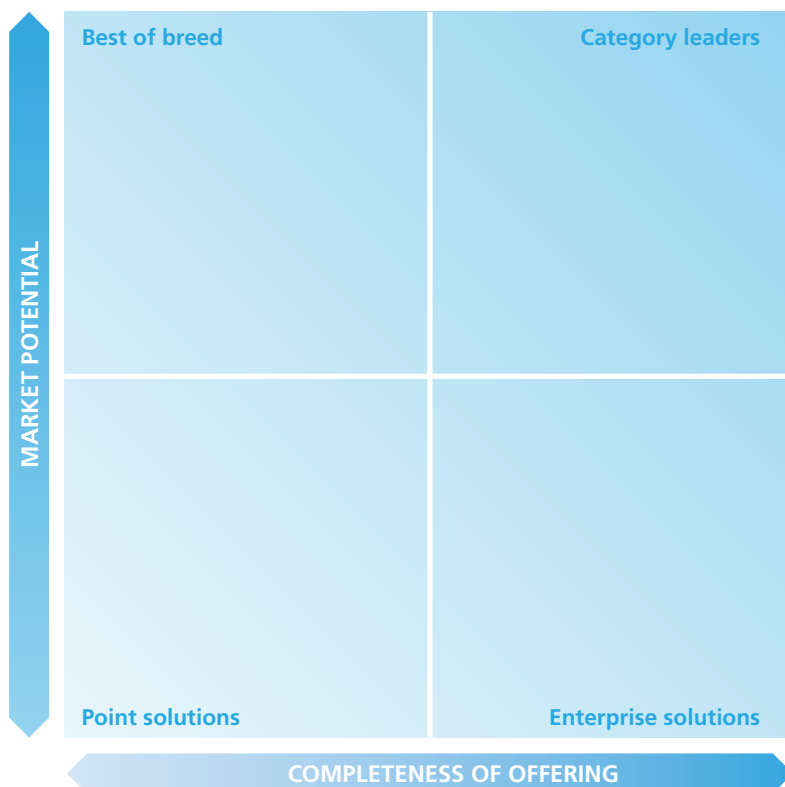
- **Chartis vendor evaluation forms.** A detailed set of questions covering functional and non-functional aspects of vendor solutions, as well as organizational and market factors. Chartis' vendor evaluation forms are based on practitioner level expertise and input from real-life risk technology projects, implementations, and requirements analysis.
- **Risk technology user surveys.** As part of its ongoing research cycle, Chartis systematically surveys risk technology users and buyers, eliciting feedback on various risk technology vendors, satisfaction levels, and preferences.
- **Interviews with subject matter experts.** Once a research domain has been selected, Chartis undertakes comprehensive interviews and briefing sessions with leading industry experts, academics, and consultants on the specific domain to provide deep insight into market trends, vendor solutions, and evaluation criteria.
- **Customer reference checks.** These are telephone and/or email checks with named customers of selected vendors to validate strengths and weaknesses, and to assess post-sales satisfaction levels.
- **Vendor briefing sessions.** These are face-to-face and/or web-based briefings and product demonstrations by risk technology vendors. During these sessions, Chartis experts ask in-depth, challenging questions to establish the real strengths and weaknesses of each vendor.
- **Other third-party sources.** In addition to the above, Chartis uses other third-party sources of information such as conferences, academic and regulatory studies, and collaboration with leading consulting firms and industry associations.

## Evaluation criteria

The RiskTech Quadrant® (see Figure 3) evaluates vendors on two key dimensions:

1. Completeness of offering
2. Market potential

**Figure 3: RiskTech Quadrant®**



Source: Chartis Research

We develop specific evaluation criteria for each piece of quadrant research from a broad range of overarching criteria, outlined below. By using domain-specific criteria relevant to each individual risk, we can ensure transparency in our methodology, and allow readers to fully appreciate the rationale for our analysis.

## Completeness of offering

- **Depth of functionality.** The level of sophistication and amount of detailed features in the software product (e.g. advanced risk models, detailed and flexible workflow, domain-specific content). Aspects assessed include: innovative functionality, practical relevance of features, user-friendliness, flexibility, and embedded intellectual property. High scores are given to those firms that achieve an appropriate balance between sophistication and user-friendliness. In addition, functionality linking risk to performance is given a positive score.
- **Breadth of functionality.** The spectrum of requirements covered as part of an enterprise risk management system. This will vary for

each subject area, but special attention will be given to functionality covering regulatory requirements, multiple risk classes, multiple asset classes, multiple business lines, and multiple user types (e.g. risk analyst, business manager, CRO, CFO, Compliance Officer). Functionality within risk management systems and integration between front-office (customer-facing) and middle/back office (compliance, supervisory, and governance) risk management systems are also considered.

- **Data management and technology infrastructure.** The ability of risk management systems to interact with other systems and handle large volumes of data is considered to be very important. Data quality is often cited as a critical success factor and ease of data access, data integration, data storage, and data movement capabilities are all important factors. Particular attention is given to the use of modern data management technologies, architectures, and delivery methods relevant to risk management (e.g. in-memory databases, complex event processing, component-based architectures, cloud technology, software-as-a-service). Performance, scalability, security, and data governance are also important factors.
- **Risk analytics.** The computational power of the core system, the ability to analyze large amounts of complex data in a timely manner (where relevant in real time), and the ability to improve analytical performance are all important factors. Particular attention is given to the difference between 'risk' analytics and standard 'business' analytics. Risk analysis requires such capabilities as non-linear calculations, predictive modeling, simulations, scenario analysis, etc.
- **Reporting and presentation layer.** The ability to present information in a timely manner, the quality and flexibility of reporting tools, and ease of use are important for all risk management systems. Particular attention is given to the ability to do ad-hoc 'on-the-fly' queries (e.g. what-if-analysis), as well as the range of 'out-of-the-box' risk reports and dashboards.

## Market potential

- **Business model.** Includes implementation and support and innovation (product, business model and organizational). Important factors include size and quality of implementation team, approach to software implementation, and post-sales support and training. Particular attention is given to 'rapid' implementation methodologies and 'packaged' services offerings. Also evaluated are new ideas, functionality and technologies to solve specific risk management problems. Speed to market, positioning, and translation into incremental revenues are also important success factors in launching new products.
- **Market penetration.** Volume (i.e. number of customers) and value (i.e. average deal size) are considered important. Rates of growth relative to sector growth rates are also evaluated. Also covers brand awareness, reputation, and the ability to leverage current market position to expand horizontally (with new offerings) or vertically (into new sectors).
- **Financials.** Revenue growth, profitability, sustainability, and financial backing (e.g. the ratio of license to consulting revenues) are considered key to scalability of the business model for risk technology vendors.
- **Customer satisfaction.** Feedback from customers is evaluated, regarding after-sales support and service (e.g. training and ease of implementation), value for money (e.g. price to functionality ratio) and product updates (e.g. speed and process for keeping up to date with regulatory changes).
- **Growth strategy.** Recent performance is evaluated, including financial performance, new product releases, quantity and quality of contract wins, and market expansion moves. Also considered are the size and quality of the sales force, sales distribution channels, global presence, focus on risk management, messaging, and positioning. Finally, business insight and understanding, new thinking, formulation and execution of best practices, and intellectual rigor are considered important.

## Quadrant descriptions

### Point solutions

- Point solutions providers focus on a small number of component technology capabilities, meeting a critical need in the risk technology market by solving specific risk management problems with domain-specific software applications and technologies.
- They are often strong engines for innovation, as their deep focus on a relatively narrow area generates thought leadership and intellectual capital.
- By growing their enterprise functionality and utilizing integrated data management, analytics and BI capabilities, vendors in the point solutions category can expand their completeness of offering, market potential and market share.

### Best-of-breed

- Best-of-breed providers have best-in-class point solutions and the ability to capture significant market share in their chosen markets.
- They are often distinguished by a growing client base, superior sales and marketing execution, and a clear strategy for sustainable, profitable growth. High performers also have a demonstrable track record of R&D investment, together with specific product or 'go-to-market' capabilities needed to deliver a competitive advantage.
- Focused functionality will often see best-of-breed providers packaged together as part of a comprehensive enterprise risk technology architecture, co-existing with other solutions.

### Enterprise solutions

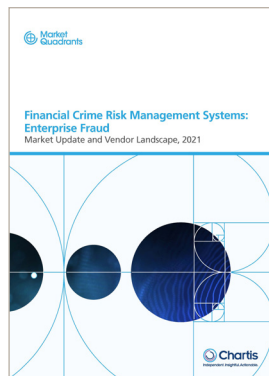
- Enterprise solutions providers typically offer risk management technology platforms, combining functionally-rich risk applications with comprehensive data management, analytics and BI.
- A key differentiator in this category is the openness and flexibility of the technology architecture and a 'toolkit' approach to risk analytics and reporting, which attracts larger clients.
- Enterprise solutions are typically supported with comprehensive infrastructure and service

capabilities, and best-in-class technology delivery. They also combine risk management content, data and software to provide an integrated 'one-stop-shop' for buyers.

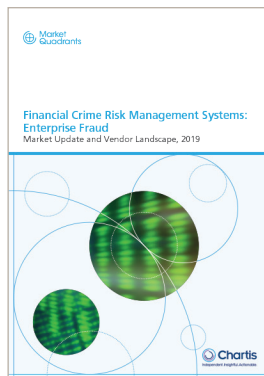
### Category leaders

- Category leaders combine depth and breadth of functionality, technology and content with the required organizational characteristics to capture significant share in their market.
- Category leaders demonstrate a clear strategy for sustainable, profitable growth, matched with best-in-class solutions and the range and diversity of offerings, sector coverage and financial strength to absorb demand volatility in specific industry sectors or geographic regions.
- Category leaders will typically benefit from strong brand awareness, global reach and strong alliance strategies with leading consulting firms and systems integrators.

## 5. Further reading



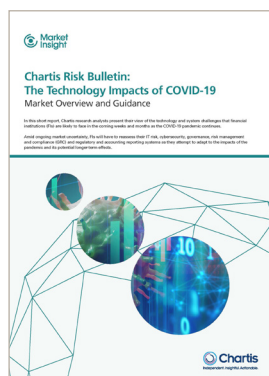
**Financial Crime Risk Management Systems: Enterprise Fraud; Market Update and Vendor Landscape, 2021**



**Financial Crime Risk Management Systems: Enterprise Fraud; Market Update and Vendor Landscape, 2019**



**KYC/AML Software Solutions, 2020; Market Update and Vendor Landscape**



**Chartis Risk Bulletin: The Technology Impacts of COVID-19**



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