

ACI Proactive Risk Manager Expands To Meet the Needs of Canadian Financial Institutions Entering EMV Arena



In February 2005, Interac Association announced its plan to implement EMV (Europay, MasterCard, Visa) standards and migrate all magnetic stripe cards to chip card technology, stating that by the end of 2006 Interac will have enabled its technological infrastructure to accommodate this initiative.

The introduction of the EMV standard for smart credit and debit transactions provides a common, internationally recognized standard for global interoperability. Use of the EMV standard is mandated by the leading card schemes, Europay, MasterCard and Visa. Today, many countries have committed to migrate to EMV, and it is expected that the scale and speed of migration to EMV-based debit and credit cards will increase rapidly.

Between now and 2010, the majority of financial institutions worldwide that issue debit or credit cards and/or acquire financial transactions will migrate their existing magnetic stripe cards and transaction processing infrastructures to an infrastructure compliant with the EMV standard.

For consumers, chip technology offers better security, more services and added convenience. For Canadian financial institutions, the reduction in counterfeit and skimming fraud that accompanies implementation of chip technology will translate to dramatic cost savings. Moreover, smart cards offer opportunities to add value in terms of better service levels and additional services, such as offline payments, loyalty programs, e-ticketing and overcoming phishing attacks in accessing electronic banking. Other factors to consider are shifts in liability for fraudulent transactions and the increased use of cards based on these additional services.

Nevertheless, Interac's call for EMV implementation poses the immediate need for chip card transaction processing and card management solutions. Member banks are apprehensive about the massive investments required for the new infrastructure and the impact on their business. They are also concerned about the impact of EMV and chip transactions on their existing fraud detection tools — both neural network and rules-based. What's more, time is of the essence, considering that the sooner organizations implement EMV, the lower their risk of incurring losses from fraudulent transactions after the liability shift. Furthermore, early EMV adoption can improve operating margins by allowing organizations to take advantage of transaction interchange incentives offered for early compliance.

The best news is that as an existing ACI Proactive Risk Manager™ customer, the road to EMV migration is made easier by a partner you trust.

ACI Worldwide has been helping customers with large-scale smart card projects and EMV migrations since 1996, and our EMV and smart card solutions are implemented at more than 70 customer sites worldwide. Successful EMV migrations demand more than just implementing the right product solutions. ACI's experience in banking and government environments, as well as its high-quality software products and professional services, ensure successful implementation of our customers' smart card projects. To this end, ACI offers a comprehensive program of guidance, education and support to help organizations through their migrations.

EMV and ACI Proactive Risk Manager

ACI Proactive Risk Manager is a rules-based and neural network fraud prevention and detection system. ACI Proactive Risk Manager customers can make use of the enhanced data provided by EMV transactions. This enriched data can be addressed in either ACI Proactive Risk Manager's rules engine or neural network to provide earlier fraud detection and reduce losses. ACI Proactive Risk Manager can also be expanded to react to unusual card activity and recommend specific actions to be taken with the card, such as to create and download an EMV parameter change to the debit or credit card application.

Card and Application Management

ACI's response to the need for EMV card issuance is the ACI Smart Chip Manager™, a complete line of chip card solutions that seamlessly integrate with other ACI products. ACI Smart Chip Manager for Card and Application Management is a comprehensive solution for single- or multi-application smart card management. The solution combines workflow management with data preparation and lifecycle management. It handles the issuance process for any type of EMV smart card, managing each card and its applications, as well as tracking its status.

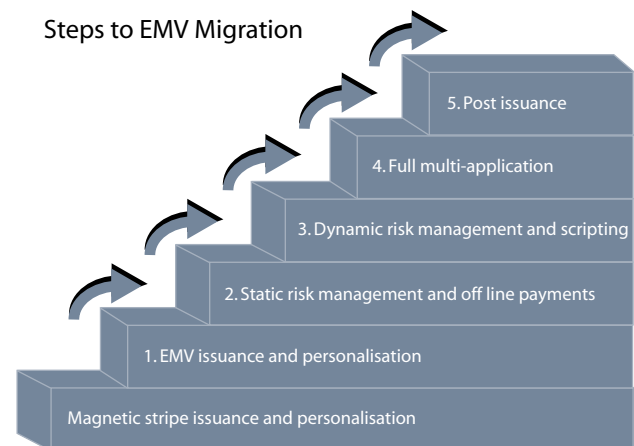
ACI Smart Chip Manager also helps organizations control their card schemes and provides the tools and information that are crucial to improving customer service while keeping operating costs low. During the card production process, the solution enriches the data from the existing cardholder management system with chip data that is generated by an external data preparation system.

Besides issuance, the lifecycle includes suspension/resumption, replacement and termination of cards and card applications. As the system holds an up-to-date image of each card and its applications, cards can easily be replaced. The system supports multiple versions of card products and chip platforms in parallel

and ensures the future capabilities of the card issuing environment, including multi-application, post-issuance, and future chip and operating system options.

ACI's experience has been that EMV card issuing organizations need to lay a flexible foundation for their smart card business; over time, business requirements evolve, card products mature and additional services may become necessary. Through the use of open, published application program interfaces (APIs), ACI Smart Chip Manager works in conjunction with vendor e-payment processing systems to provide or accept real time parameter changes.

A key advantage of ACI Smart Chip Manager is that it provides a basic infrastructure for smart card issuing and can grow modularly to support more advanced EMV and chip concepts. This incremental growth helps issuers control initial costs as well as adapt to and accept changes at a managed pace over a phased migration period.



Flexible EMV Parameter Management

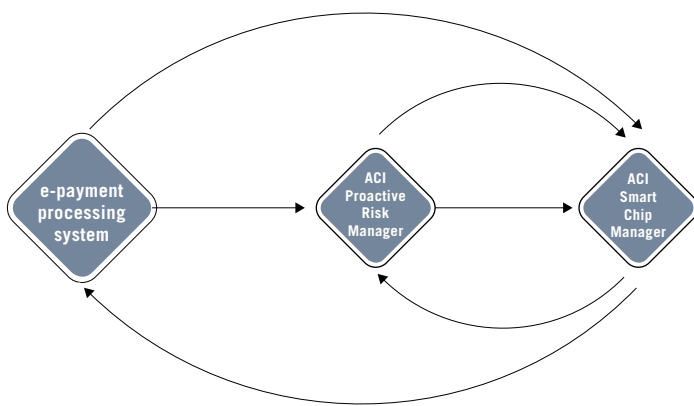
To be able to define risk profiles per card product, facilitate loading cardholder financial risk profiles during card issuance and change these profiles while the card is in the possession of the cardholder. ACI offers ACI Smart Chip Manager for Application Parameter



Management. This solution allows issuer to define and customize EMV risk parameters at differing levels of detail — from an entire portfolio down to a single customer. Once a card has been issued, the cardholder, card issuer, application issuer or risk management center may need to change parameters for individual, all or a certain group or portfolio of cards. ACI Smart Chip Manager and ACI Proactive Risk Manager can assist issuers in actively managing EMV to reduce risk and fraud losses.

The system generates the appropriate scripts based on each request from a relevant, authorized party in a 24/7 environment. In addition, it can maintain all new and waiting requests, prioritize them, prevent duplication of changes and ensure that changes are downloaded. ACI Smart Chip Manager stores all parameter values in its database together with card and application data so it can verify new change requests and load the latest parameter settings on cards in the field or during re-issuance.

The links between ACI Smart Chip Manager and ACI Proactive Risk Manager are delivered by ACI as a standard product, thus providing our ACI Proactive Risk Manager customers a proven integrated solution and reducing the cost of EMV implementation. This paves a stable path for future system upgrades.



The ACI Commerce Framework

ACI Smart Chip Manager and ACI Proactive Risk Manager offer our customers the inherent integration provided by the ACI Commerce Framework™ — an enterprise-wide solution set designed for

transaction processing and management across the e-payment value chain. The ACI Commerce Framework represents the sum total of the entire span of ACI's software products, designed to meet the end-to-end needs of our customers.

As part of the ACI Commerce Framework, ACI Smart Chip Manager will seamlessly integrate with your organization's ACI Proactive Risk Manager system as you migrate to EMV standards. As experts in the transaction processing software industry, ACI is here to help you every step of the way.

ACI Consulting Services

ACI provides business application and technical consultancy based on our extensive experience with EMV solutions around the world. The range of ACI's EMV-enabled payment solutions continually expands across delivery mechanisms, from ATM and point of sale (POS) to the Internet and wireless telephony.

A Partner You Trust

ACI offers total confidence because we have already delivered in demanding, real-life, real time environments. In 1998 — after extensive trials — UK banks approved full rollout of an initiative to add new integrated chip card (ICC) technology to Britain's payments card infrastructure. Today, ACI solutions process millions of EMV-based smart payment cards issued by UK members of the Association for Payment Clearing Services (APACS).

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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