

HOW PSPs CAN BECOME PROBLEM- SOLVING PARTNERS

SOLUTIONS TO THE FIVE MOST
PRESSING CHALLENGES MERCHANTS
ARE FACING TODAY

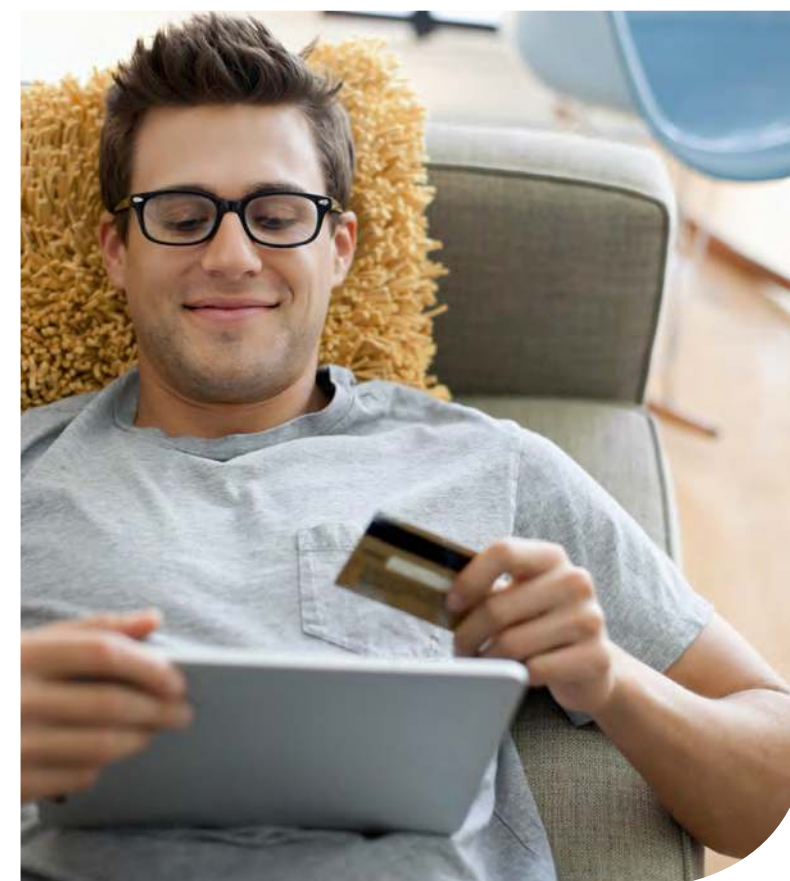


Merchant loyalty is hard to build and maintain — and PSPs can find the task resource-intensive and expensive. Merchants will seek out and stay with PSPs who can help them address these challenges with minimal effort and investment. Further, merchants will expect from their PSPs a true partnership that provides them with proper consulting and support along their growth path.

Merchants seek expertise and help to:

- 1** **Deliver** a simple, seamless omni-channel payments experience
- 2** **Grow** their revenues and market share
- 3** **Evolve** with customer needs and expectations
- 4** **Protect** their business and customers from risk
- 5** **Simplify** the payments landscape and operate cost-effectively

In the following pages, we outline each of these challenges and provide insight into how PSPs can successfully, simply and profitably deliver the payment tools, technology and expertise that merchants require to be successful.



1 THE MERCHANT CHALLENGE DELIVER A SEAMLESS PAYMENTS EXPERIENCE

Speed, simplicity, security and a seamless experience across multiple channels are all expected by today's consumers. Merchants need to deliver these "must-haves" while keeping tight control of costs in a highly competitive market.

"For us, the customer experience in terms of payments is all about faster and secure checkouts and timely settlement of transactions. Those are the three things that are crucial to customer satisfaction."

Leading U.S. retailer

"If people want to pay by mobile, we need to offer that possibility — and after that we think about costs."

Major French retailer

A significant number of merchants are struggling to balance the fundamentals of a seamless omni-channel payments experience in a cost-effective way — some sacrificing customer choice in favor of speed and security, others offering payments choice despite higher operational costs.



THE PSP ANSWER A SINGLE INTEGRATION FOR MULTIPLE CHANNELS

ACI insight: PSPs should integrate within their offering a payments platform that is not only reliable, scalable and secure, but also able to deliver speed and flexibility through a single point of integration that supports multiple channels.

The ACI solution: ACI offers a single point of integration for multiple channels, allowing you to pick and choose which channels you want to enable for your merchant customers, giving you the ability to change or expand your channels in line with merchant demand — all without the need for technical redevelopment. ACI's solution offers a way for merchants to deliver a smooth, seamless omni-channel payments experience, by providing the tools to create consistency across channels and by routing all transactions via a single platform.

2 THE MERCHANT CHALLENGE GROW REVENUE AND MARKET SHARE

Merchants need to increase conversions and extend their customer base. This requires the ability to:

- Quickly and easily expand across borders
- Offer the payment methods of choice to consumers in relevant geographies

Vital to merchant growth, this can be a costly and resource-intensive exercise for PSPs to support.



Offering the “right mix” of payment methods and local acquirers can open up specific customer segments and geographies. They can also help to drive higher transaction values and bring the purchasing decision forward — securing the sale sooner. For example, accepting Alipay (the preferred payments method in China) can give merchants easy access to their 450 million users to drive tourist and eCommerce sales.

“Over 50% of millennials are already using or would prefer to use PayPal and Venmo over traditional payment methods.”

The Financial Brand

“61% of U.K. 25-34 year olds would switch bank accounts to secure immediate payments capabilities.”

YouGov survey for ACI

“The preferences of millennials are definitely driving changes, with increasing demands and expectations around smooth shopping on mobile devices.”

Michael Rouse, Klarna

THE PSP ANSWER PROVIDE EASY ACCESS TO LOCAL ALTERNATIVE PAYMENT METHODS FOR FAST CROSS-BORDER EXPANSION

ACI insight: PSP offerings should enable the merchant to close all sales opportunities by keeping pace with consumer payment preferences and desired experiences. The exponential growth of alternative payment methods and cross-border eCommerce makes acceptance of new payment methods a must to keep your relevance as service provider.

The ACI solution: Our powerful, comprehensive UP® eCommerce Payments™ solution, featuring ACI PAY.ON® Payments Gateway™, provides access to hundreds of acquirers and alternative payment methods almost anywhere in the world via a single API. By offering our gateway solution, you can empower your merchants to quickly adapt to market change, deploy new payment methods and access new markets with ease — and without additional infrastructure or costs.

3 THE MERCHANT CHALLENGE EVOLVE AND TRANSFORM

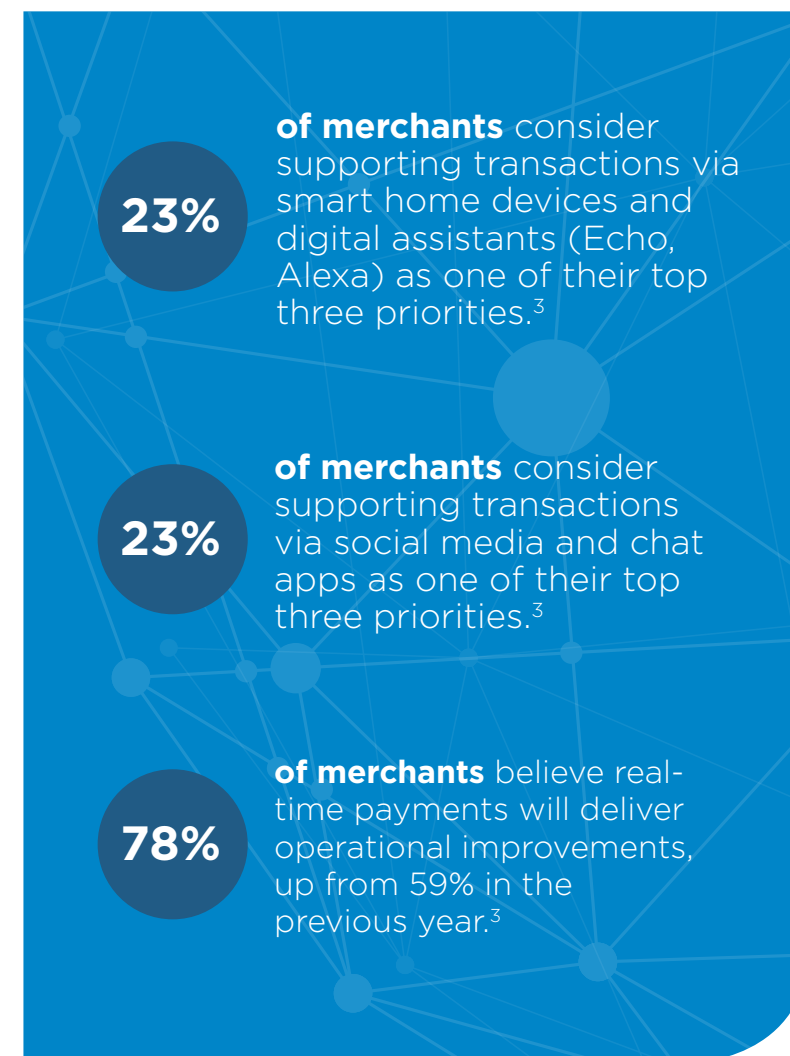
Merchants believe customer experiences will be underpinned by technology. They want the ability to introduce new technology to meet this demand, win new customers and evolve along with shoppers' needs and expectations.

Merchants agree that their main challenge will be to ensure that the latest payment technologies can be integrated seamlessly into their existing infrastructure, without compromising the speed or effectiveness of the overall system.

THE PSP ANSWER AN OPEN, FLEXIBLE PAYMENTS PLATFORM WHICH ALLOWS NEW TECHNOLOGIES TO BE EASILY INTEGRATED INTO THE EXISTING INFRASTRUCTURE

ACI insight: PSPs should provide their merchants with payment capabilities that keep their options open. They should support fast, cost-effective deployment of new innovations that enhance the customer experience and the merchant brand. Further, flexibility, control, scalability and acquirer independence should be key features of the payments infrastructure.

The ACI solution: ACI offers a comprehensive, acquirer-agnostic solution that allows PSPs to provide merchants with flexible payments while still supporting all the opportunities for innovation that merchants need for the future. Our payment services are delivered in the cloud, providing the flexibility and scalability that merchants need, while reducing the investment requirements. All our systems are PCI-DSS-compliant, removing the burden from you and your merchants.



4 THE MERCHANT CHALLENGE PROTECT THE BUSINESS

Merchants want to deliver, grow and innovate safely and securely — without exposing either their customers or themselves to fraud. This means they need sophisticated security measures as an integral part of their payments strategy and their technology solution.

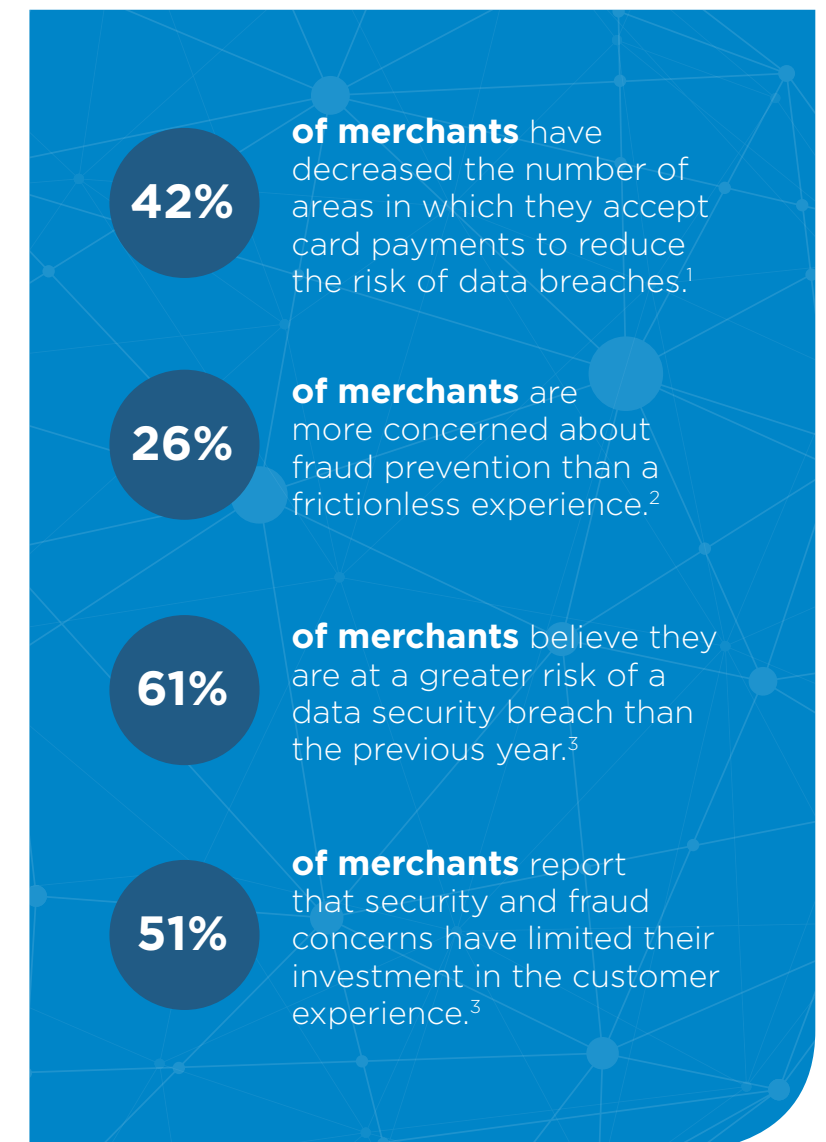
THE PSP ANSWER COMPREHENSIVE, INTEGRAL FRAUD AND SECURITY TOOLS

ACI insight: Effective fraud management must be a core component of any payments solution — and it must be tailored to the needs of each merchant, sector and business. Good fraud protection supports the customer experience, driving conversions and enabling revenue growth while preventing fraud. End-to-end data security is also a must — ensuring customer information is protected at every point.

The ACI solution: ACI offers end-to-end data security, including point-to-point encryption (P2PE) and tokenization, as an integral part of the overall payments solution.

Further, our UP eCommerce Payments solution features the award-winning ACI ReD Shield®, which enables PSPs to also provide merchants with a real-time, multi-layered fraud solution. Using machine learning models, predictive and behavioral analytics, customer profiling techniques, unlimited rules and shared data, it identifies and

isolates potentially fraudulent transactions. UP eCommerce Payments solution fully integrates ReD Shield and the ACI PAY.ON Payments Gateway.



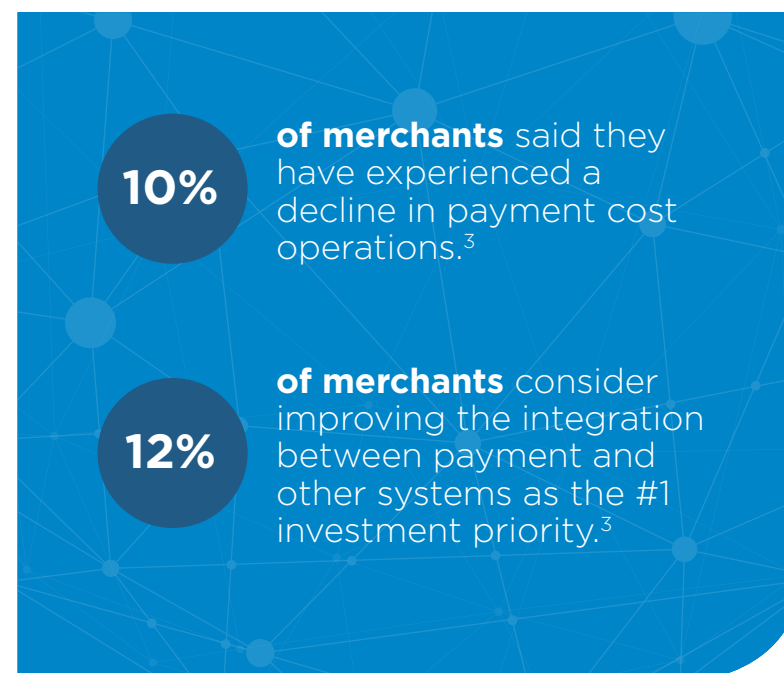
5 THE MERCHANT CHALLENGE SIMPLIFY THE PAYMENTS LANDSCAPE

As payments complexity continuously increases, merchants find themselves under great pressure to:

- Remain compliant with the latest payment standards
- Continue to provide the channels, payment methods and innovation their customers expect
- Cost-effectively manage all the payment and processing systems

THE PSP ANSWER UNDERPIN TECHNOLOGY WITH EXPERT ADVICE AND SUPPORT

ACI insight: PSPs can support merchants with expert advice that helps them thoroughly understand all the different options, challenges and opportunities out there. Rather than offer every possibility, it's important to pick the technologies that best suit the merchant's business.



The ACI solution: ACI can provide PSPs with access to best-in-class fraud and payment solutions — and to experts who can guide and inform the addition of new payment methods, cross-border expansion efforts, new technology implementations, compliance issues and effective fraud management strategies that fully support merchant growth. Our global team of risk analysts can also provide local market and sector-specific insight which helps you confidently aid merchants, whatever their domestic or international objectives.

“We need help to see the ‘wood from the trees’. It’s becoming increasingly difficult to make a calculated bet on what is coming next, on both the payment and wider technology front”.

“...simplification is a necessary step, following a period in which rapid investments in the customer experience have resulted in greater complexity...”

“...payment systems modernization can hold the key to unlocking a new wave of service enhancements...”³



ACI Worldwide®, the Universal Payments® (UP®) company, powers electronic payments for more than 5,300 organizations around the world, executing \$14 trillion each day in payments and securities. ACI's award-winning UP eCommerce Payments solution is an integrated payments gateway and fraud management solution designed to support payment service providers, ISOs, acquirers, ISVs, VARS and merchants in the retail, telco, gaming, hospitality and travel sectors. Cross-border payment processing, PCI-compliant merchant boarding, real-time fraud prevention, and access to an extensive global payments network of hundreds of acquirers and alternative payment methods, with immediate coverage in more than 160 countries combine to enable payments acceptance from consumers anywhere and any way they want to pay. Visit www.aciworldwide.com.

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ABR6954 07-19

PROBLEM-SOLVING PSPs BUILD MORE PROFITABLE PAYMENT PARTNERSHIPS

Merchants in today's modern omni-channel landscape struggle to find the resources to cost-effectively support their business initiatives and implement new payment technologies that keep up with customer demand. PSPs who can help them successfully deliver, evolve, grow, protect and simplify their customer payments are those who will make themselves an invaluable partner and an integral part of a merchant's business operations. In a time when merchant loyalty is increasingly hard to maintain, forging strong partnerships based on solving merchant challenges is the key to retaining those relationships and building a stronger, more profitable customer base.

ACI can equip you with everything you need to address these key merchant challenges and build partnerships with your merchant. Our tools, technology and expertise are the result of decades of experience in the global payments market and we invest heavily in

continuously developing our solutions so you don't have to. Our modular payments platform is acquirer-agnostic and our tools are available with white-label functionality to ensure you have the flexibility to cater to the needs of your customer base while enhancing your own brand.

TO FIND OUT MORE ABOUT ACI'S SOLUTIONS

and how we can help you build more profitable merchant partnerships, contact our team at: merchantpayments@aciworldwide.com.



¹ Ultimate Retail Payments Field Guide, 2018

² A Payments Playbook for Multichannel Executives, 2018 - Internet Retailing and ACI Worldwide

³ 2018 Global Payments Insight Survey: Merchants - Ovum and ACI Worldwide