




FPC 2023 Spring Member Meeting

March 20 – 21, 2023  Kansas City, MO



Faster Payments Fraud Trends & Mitigation Strategies

FPC Fraud Workgroup

March 2023



Faster Payments Fraud Trends & Mitigation Strategies



Amanda Compton
Arvest Bank



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Jack Henry

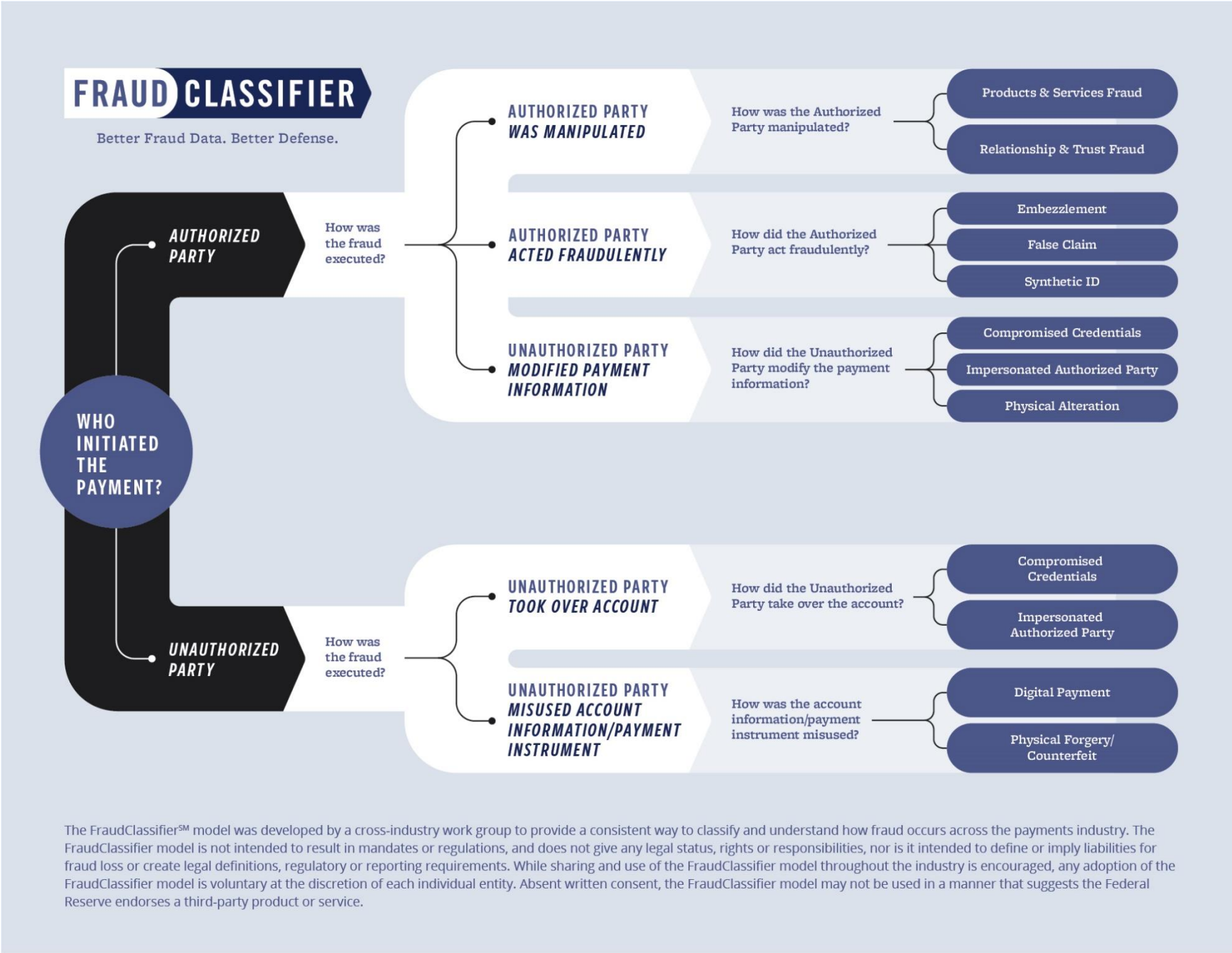


Lee Kyriacou
The Clearing House



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Fraud Definitions



Fed FraudClassifier
Developed by Fed Fraud Definitions Work Group

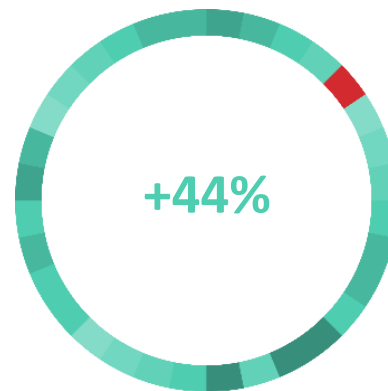
The FraudClassifierSM model was developed by a cross-industry work group to provide a consistent way to classify and understand how fraud occurs across the payments industry. The FraudClassifier model is not intended to result in mandates or regulations, and does not give any legal status, rights or responsibilities, nor is it intended to define or imply liabilities for fraud loss or create legal definitions, regulatory or reporting requirements. While sharing and use of the FraudClassifier model throughout the industry is encouraged, any adoption of the FraudClassifier model is voluntary at the discretion of each individual entity. Absent written consent, the FraudClassifier model may not be used in a manner that suggests the Federal Reserve endorses a third-party product or service.

Meteoric Rise in Payment Scams

- Fraudsters are increasingly attacking the weakest link in the payment ecosystem – the consumer
- Fraudsters are using sophisticated social engineering techniques to dupe consumer into making payments into accounts they control (e.g., impersonating a trusted individual at a bank or in law enforcement)
- In the UK these types of scams exceed card fraud losses for the first time in 2021, growing 70% YoY



2022 US
losses from
scams



Increase in
losses from
2021

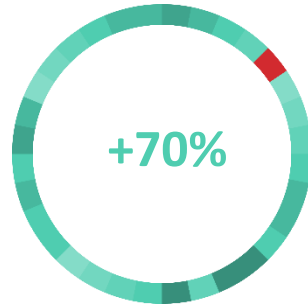
Payments fraud is on the rise globally, creating a call to action



United Kingdom



Authorized push payment scam losses in first half of 2021



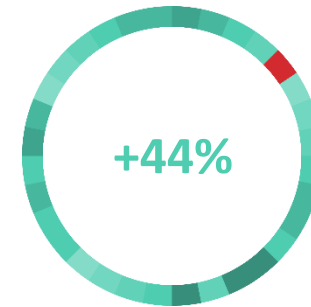
Increase in authorized push payment scams from 2019



United States



2022 losses from investment scams

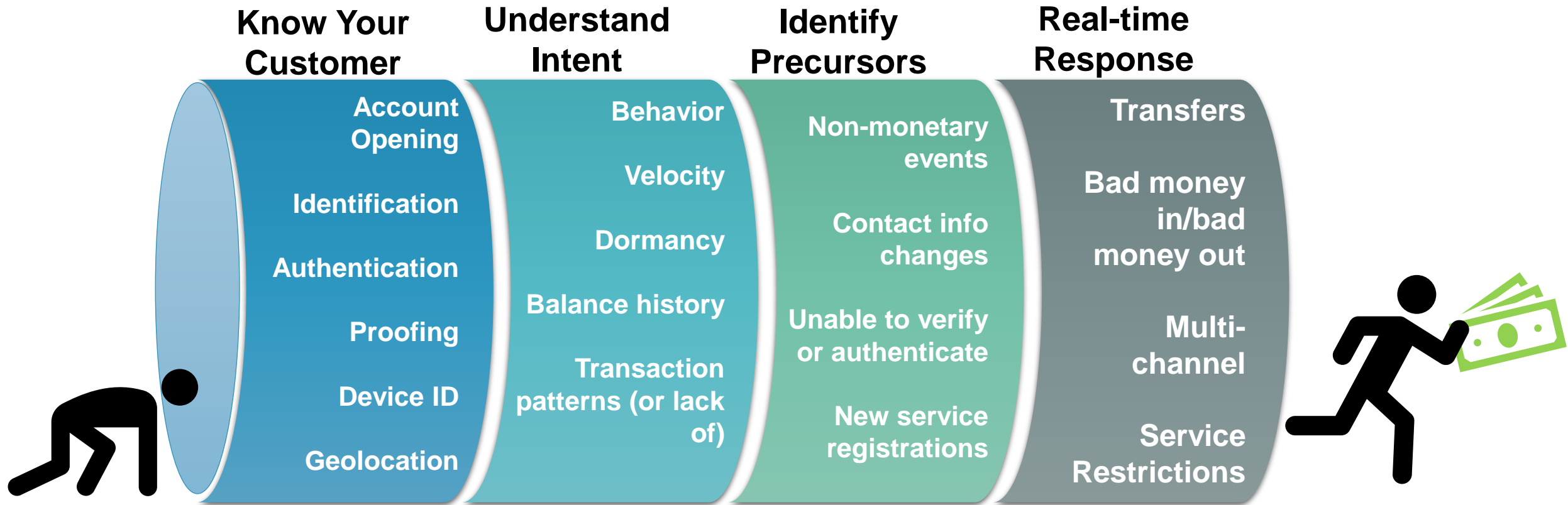


Increase in losses from 2021

- In the UK, payments scams exceeded card fraud losses for the first time in 2021
- Politicians, regulators and the media are calling for increased protections for consumers

Adage Remains True...

Fraud Mitigation Requires a Layered Approach



Key Takeaways:

- Faster payments = faster layers (real time fraud prevention)
- Constantly reassess processes to identify areas of risk

Audience Q&A