# Presenters

**Deborah Baxley**
PayGility Advisors
Vice Chair, Fraud Information Sharing Work Group

**Elspeth Bloodgood**
Technical Product Manager, Senior Advisory
Jack Henry and Associates

# Insights into the 2021 Faster Payments Fraud Survey & Report

**Faster Payments Opportunity / Issue**
- Providing insights to users and providers of faster payments re: fraud prevention, themes / trends, to improve safety and security as new solutions and networks are launched

**Where we've been.....**
- Conducted survey of FPC members and research to develop "2021 Faster Payments Fraud Survey and Report"
- Publicly available report for FIs, operators, processors, business end-users
  - Survey of fraud that has occurred, perception of fraud in faster payments
  - Scope: RTP, Zelle, debit push, same-day ACH, domestic and international
  - Recommendations / techniques to address gaps, including lessons learned / experiences from other countries

**Where we're going....**
- Soon to be published (March 2022)
- Envision subsequent follow-on surveys every 2-3 years
- Discussion of potential next steps

**Domestic / International Research**

- Reviewed faster payments fraud trends and statistics for 14 systems from 13 countries

- Each market experienced scams around Authorized Push Payment fraud, including romance scams, social engineering; fraud vectors including mule activity, malware and withdrawal fraud

- Mitigation techniques included:

    - New provider fraud detection solutions
    - Overnight send limits
    - Tightened authentication techniques
    - Rules/ML/AI engines
    - Industry-wide information sharing
    - Public awareness
    - Delayed processing
    - Attack testing
    - Regulation / oversight
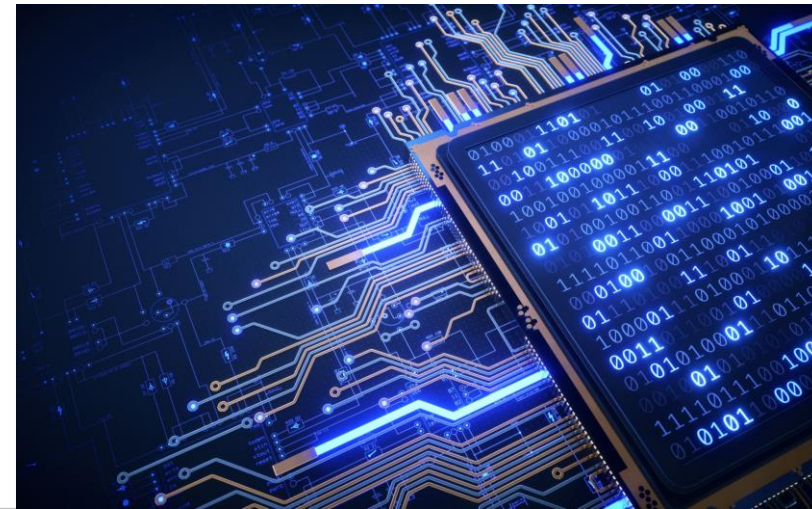
# Insights into the 2021 Faster Payments Fraud Survey & Report

## U.S. Survey Results & Findings

Of the more than half who experienced faster payments fraud, top types for were:

**Consumers**
- ATO/social engineering
- Scams
- Stolen credentials

**Businesses**
- Invoice fraud
- CEO fraud
- Vendor/authority impersonation

About half of respondents adopted new technology controls and/or new operational processes unique to faster payments, e.g:

- Stronger user authentication
- Real-time decisioning
- AI/ML

Interest in additional fraud mitigation techniques, based on what international markets have employed:

- Industry data sharing
- Industry-wide fraud solution
- Consumer appeals process

| Fraud Mitigation Techniques | | BR | COL | IN | JP | MX | NRA | UK |
|---|---|:---:|:---:|:---:|:---:|:---:|:---:|:---:|
| **Technology-based** | Shared database for fraud information sharing | ✔ | | ✔ | ✔ | ✔ | ✔ | ✔ |
| | Centralized fraud prevention system | ✔ | ✔ | ✔ | | | ✔ | ✔ |
| | Confirmation-of-Payee | | | | ✔ | | ✔ | ✔ |
| | Cross industry collaboration e.g. MNOs re: SIM swap | | | | | | ✔ | ✔ |
| | Digital identify system to strengthen authentication | | | ✔ | | ✸ | ✔ | |
| **Rule-based** | Consumer protection / dispute resolution / recovery regulation | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| | Strong customer authentication, e.g. MFA, KYC | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| | Value limits for transaction types or during time windows | ✔ | ✔ | | ✔ | ✔ | ✔ | ✔ |
| | Public awareness campaigns | | | ✔ | ✔ | | ✔ | ✔ |
| | Transaction analysis holds / blocks | ✔ | | | | ✔ | ✔ | |
| | Data & QR code security standards | ✔ | ✔ | | ✔ | | | |
| | Daily limits on number of payments | | ✔ | | | | | |
| | Regulatory sandbox for promoting fraud prevention solutions | | | ✔ | | | | |
| | National forum to address fraud | | | | | | ✸ | |

Source: Lipis Advisors, 2022

✔ = in place, ✸ = in process/announced

# Mercator assessed 6 emerging technologies related to payments

## Emerging Technologies

| Technology | Current Level of Standardization | Current Level of Technical Deployment | Current Level of Real-World Payment Usage | Suppliers |
|---|---|---|---|---|
| Cryptocurrency | ○ | ● | ● | USD Coin, Coinbase, Binance |
| Global Payment Card Network Tokens | ◐ | ● | ● | Mastercard, Visa, American Express |
| Social Networks | ● | ◐ | ○ | Facebook, Twitter, WhatsApp, Instagram |
| Digital Identity | ○ | ○ | ○ | IBM, Microsoft |
| Cloud, APIs, Open Banking | ○ | ◐ | ○ | BIAN, TransferWise, TrueLayer, Trustly, Mastercard, Visa, Fiserv/Worldpay |
| Faster Payments | ○ | ◐ | ◐ | Varies by country |

Source: Mercator Advisory Group, 2021 –free download for registered users

# Questions?