Remote Payments Fraud: Authentication Challenges
What Are Remote Payments?

- Include ACH, wire, debit and credit card payments
- Transactions occur when the payer and the form of payment are not physically present at the merchant or business location
- Payer typically uses a mobile phone or laptop to provide account and personally identifiable information (PII) via mobile or internet browser or mobile app (including in-app)
- Payer may also provide information via landline (mail order/telephone order – MOTO) to complete the purchase
- Payments may be funded/linked to credit or debit cards processed over the card networks, or DDA/checking accounts processed over the ACH or wire systems
Why Should We Focus On Remote Payments?

• Volume of payments transacted via multiple remote channels is growing rapidly

• Why remote payments fraud is a major concern
  ▪ U.S. EMV migration to chip cards for physical POS transactions addressed counterfeit fraud in that space, but drove fraudsters to remote channels
  ▪ Person-to-person (P2P) volume is increasing as banks (e.g., Zelle) and other providers (e.g., PayPal/Venmo) expand their services
  ▪ Faster payments, by their nature, need strong security and authentication to prevent fraud
  ▪ It’s more difficult to identify legitimate customers making remote transactions
  ▪ Availability of stolen PII and payment credentials and weak/inconsistent authentication protection have made it easier for fraudsters to access accounts
Session Objectives

• Reducing remote payments fraud requires collective action by the financial industry.
  ▪ We need to understand where, how and why remote fraud occurs, especially as it moves around to attack the weakest links, i.e., the endpoints.

• Today’s goal is to build audience awareness and understanding of remote payments fraud root causes, mitigation opportunities, and challenges related to adopting effective mitigation approaches

• We also seek input on ways the Fed can engage with the industry on this topic
  ▪ Panelists will present their perspectives
  ▪ Audience will discuss further in table discussions
  ▪ The Fed will collect industry input and plan next steps
Panel Discussion
Industry Perspectives on Remote Payments Fraud

• **Kolin Whitley**, Visa - *Senior Director, North America Risk Group*

• **Christian Wilson**, First Data Corp. - *Vice President, Cyber, Fraud & Risk*

• **Reed Luhtanen**, Walmart - *Senior Director, Payments Strategy*
Audience Q&A
Table Discussion

1. What are some examples of what your organization or industry segment is doing today to address the challenges of remote payments fraud?

2. What challenges or barriers do you see with trying to mitigate remote payments fraud across the industry?

3. What can the industry collectively do to improve remote payments fraud across payment methods and industry segments?
CLOSING REMARKS