

Day One: October 3, 2018



FedPayments Improvement
COMMUNITY
FORUM

Collaborate. Engage. Transform.



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