

Indian Consumers More Concerned About Digital Payments Fraud Due to COVID-19 Compared To Last Year – New ACI Worldwide Study

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71 percent of consumers are more concerned about scams and fraud because of COVID-19, up from 47 percent at the onset of the pandemic a year ago

MUMBAI--(BUSINESS WIRE)--Jun. 8, 2021-- Consumers in India are increasingly concerned about digital payments fraud and are exercising greater caution when using digital payments compared to a year ago, according to a new study conducted by YouGov and [ACI Worldwide](#) (NASDAQ: ACIW), a leading global provider of [real-time digital payment software and solutions](#). While survey respondents perceived net banking to be the most secure method of payment, UPI and eWallet transactions scored higher than card payments — both for online and offline usage — suggesting increased trust in digital payment methods. 71 percent of consumers said they are more concerned about scams and fraud because of COVID-19, rising from 47 percent last year at the onset of the pandemic.

60 percent of respondents would first call their bank to block their account or visit the bank branch to file a written complaint in the event of fraud, indicating that banks continue to be the first point of contact. While this has dropped slightly from 68 percent last year, only 16 percent would first report fraud activity to police or a cybercrime unit, while only 5 percent would turn first to public social media channels.

When it comes to the potential fraud risks while transacting via UPI or eWallets, almost half (49%) of consumers are most concerned about fake UPI payment links that ask for money transfers via text or email. This can be attributed to a spike in incidents over the past year where fraudsters have duped users with payment requests citing donations for the PM CARES Fund, contributions to NGOs and crediting income tax refunds, among other scams. Additionally, 30 percent are concerned about their personal data being leaked due to data breaches, which suggests that consumer attitudes mirror the RBI's concerns with respect to storing card details; this can be circumvented through banks' deployment of a standing instructions (SI) hub.

On a positive note, the efforts of Indian authorities to encourage digital payments have been lauded, with nearly 8 in 10 (78%) consumers agreeing the government should continue to promote them to maintain safety and social distancing measures during the pandemic. Usage continues to rise, with digital payments via eWallets and UPI being used at least once per day by 37 percent of consumers, second only to cash (52%) and [rising from 29 percent just six months ago](#). This signifies increased "stickiness" of digital payments, mirroring the ongoing meteoric rise in UPI transaction volumes.

Further, 77 percent of consumers believe merchants and retailers are now more open to digital payment methods and encourage their use, compared to pre-pandemic, indicating that COVID-19 has accelerated both consumer adoption and merchant acceptance. Concerns regarding limited merchant acceptance have dropped to 13 percent compared to 19 percent last year and 23 percent in a similar ACI survey from October 2019.

"The pandemic has been a major catalyst for the adoption and growth of digital payments in India, but transaction growth has been accompanied by the emergence of payments-focused scams, with many first-time users targeted by fraudsters," said Kaushik Roy, vice president and head of product management, Asia, Middle East and Africa, ACI Worldwide. "Consumers are overwhelmingly welcoming of the steps taken by authorities towards digitization in payments and acknowledge the efforts made by banks concerning consumer awareness of payments fraud. That said, banks will need to continue to lead the way by not only deploying modern and robust enterprise-level fraud management, but also by increasing consumer awareness."

Other key findings and trends:

Payment behaviors and spending patterns

- While approximately a third (31%) of consumers use cash more than once a day, digital payments via eWallets and UPI are not far behind for high-frequency usage, with 1 in 5 (20%) using more than once a day.
- Only 6 percent in tier 1 and metro cities (Mumbai, Delhi NCR, Chennai, Kolkata, Bangalore and Hyderabad) have never used eWallets and UPI, suggesting near ubiquity in cities.
- 6 in 10 (61%) use eWallets and UPI at least 2-3 times a week, not far behind cash (69% using 2-3 times per week or more).
- Only 8 percent find digital payments inconvenient compared to cash.
- 75 percent said that compared to when the pandemic started, it is now easier to use digital payments (including UPI and eWallets/digital wallets) when making purchases in-store or at merchant locations, and at more locations.
- 70 percent feel that their bank and the authorities are doing a good job of educating them and the wider public about the potential dangers (fraud) of digital payments and how to keep personal data safe.

Fraud and payments security

- Vulnerability to fraud remains the biggest consumer concern when it comes to digital transactions (42%), followed by privacy of data (36%), failed transactions (36%) and internet connectivity (33%).
- Net banking was perceived to be the most secure method of payment (30%), followed by UPI wallet transaction in-store (23%), online transaction through UPI/eWallet (22%), online credit/debit card payment (17%) and swiping card at POS (16%).

- In terms of awareness levels for various anti-fraud mechanisms deployed by banks, there's maximum awareness for one-time password/OTP (66%), followed by SMS/email notifications (58%), Personal Identification Number/PIN(52%), two-factor authentication(49%) and PIN shield(37%).
- When asked about digital payments fraud via UPI or wallets, consumers cited the following as concerns:
 - Fake UPI payment links that ask for money transfers via text or email (49%)
 - Fake apps/fake websites which look authentic in design (47%)
 - KYC update – where they receive fraudulent SMS or calls asking to update bank KYC (46%)
 - Password fraud – where their password would be easy for a hacker to guess (42%)
 - Phishing and vishing – where they get a call/text from a person pretending to be a bank or card representative to disclose personal details and/or card number (42%)
 - Malware/spyware – where they download infected software or viruses (32%)

Methodology:

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,001 adults. Fieldwork was undertaken between May 18-23, 2021. The survey was carried out online. The figures have been weighted and are representative of all Indian adult respondents (aged 18+) in the following Tier 1 metro areas: Mumbai, Delhi NCR, Chennai, Kolkata, Bangalore, Hyderabad.

About ACI Worldwide

[ACI Worldwide](#) is a global software company that provides mission-critical [real-time payment solutions](#) to corporations. Customers use our proven, scalable and secure solutions to process and manage [digital payments](#), enable [omni-commerce payments](#), present and process [bill payments](#), and manage [fraud and risk](#). We combine our global footprint with local presence to drive the real-time digital transformation of payments and commerce.

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