

## APP Scams Emerge as the Top Payments Fraud Threat With Fraudsters Changing Tactics, Finds ACI Worldwide Report

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- According to ACI's 2023 Prime Time for Real-Time report, the top three fraud tactics in 2022 are Authorized Push Payment (APP) scams, card fraud, and identity theft, with APP scams being the number one fraud tactic.
- Financial crime and fraud are perennial problems for banks and financial institutions, with the global cost of fraud predicted to be \$40.62 billion by 2027.
- Developed real-time payment markets are suffering an epidemic of APP scams, but real-time payments can be the most secure payment method.
- Banks and financial institutions can stay ahead of fraudsters and reap the benefit of real-time payments by collaborating and bringing the power of data science and AI.

MIAMI--(BUSINESS WIRE)--Jun. 15, 2023-- One in every five global consumers surveyed in 2022 said they fell victim to payments fraud in the last four years — 26.9% of whom are victims of Authorized Push Payment (APP) scams, which is the number one fraud threat globally — according to the [2023 Prime Time for Real-Time](#) report published by [ACI Worldwide](#) (NASDAQ: ACIW), a global leader in mission-critical, [real-time payments software](#), in partnership with [GlobalData](#), a leading data and analytics company.

APP scams happen when scammers coerce legitimate users to initiate a payment to a destination account under their control. APP scams can take many forms, the most common being social engineering — such as phishing or impersonation scams. Push payments offer rapid settlement and reconciliation for faster payment services and real-time payment systems. While the window of opportunity to catch fraud is shorter, advanced AI capabilities coupled with the rich data that ISO 20022 enables and the signals that the digital channels and devices provide allow for unprecedented precision and speed in detecting and addressing fraudulent activities.

"APP scams are on the rise as fraudsters exploit human vulnerabilities and weaknesses in bank controls to manipulate mule accounts to receive funds from fraudulent activities and facilitate further illicit transactions. Banks need to safeguard their customers and revenue by shifting their focus from relying on traditional measures designed to prevent check or card fraud. They need to arm themselves with the right fraud strategies to capitalize on the security of the real-time payment rails and reap the benefits of real-time payments without fraud management becoming a cost-center," said Cleber Martins, head of payments intelligence and risk solutions, ACI Worldwide.

### Unity is strength in combatting scams

More than £1.2 billion in the U.K. were stolen through fraud in 2022, with over one-third contributed by APP scam losses. In June 2023, the U.K. Payment Systems Regulators announced [new reimbursement requirements](#) for APP scams within the Faster Payments system. It requires payment firms to reimburse all in-scope customers who fall victim to APP fraud with a cost-sharing of 50:50 between sending and receiving payment firms. The banking industry needs a united front against APP scams, and with the regulators stepping in, it provides a stronger impetus for financial institutions to collaborate and shut fraudsters down.

In Australia, disrupting scams is the government's strategic priority. Australians lost more than AU\$ 3 billion to scams in 2022. In May 2023, the Australian Banking Association announced the new [Fraud Reporting Exchange platform](#), allowing banks to halt multiple fraudulent transactions as part of the same scam and share intelligence to assist with loss-prevention efforts. In the June 2023 report "[A Strategic Plan for Australia's Payments System](#)," the government has committed to a long-term, coordinated approach bringing together industry players to enable disruption of scams through better collaboration and information sharing. It outlines a plan to establish the National Anti-Scam Centre and develop cross-sectoral, industry anti-scam codes for banks, telecommunications and digital platforms.

Other markets have had to watch APP scams grow to epidemic proportions before scrambling to tackle the problem after the fact. The launch of the FedNow® Service is expected to be a significant catalyst for real-time payments growth in the U.S., with the volume of real-time payments projected to grow at a CAGR of 32.6% between 2022 and 2027. With the launch of the FedNow Service coming soon, the banking and finance industry in the U.S. is in a prime position to modernize its risk management technology and to collaborate and strengthen its controls to implement robust fraud strategies.

### Beat scammers through technology modernization

In the report "[Real-Time Payment Fraud Trends and How To Fight Them in Three Simple Steps](#)," ACI outlines the three steps to combat real-time payments fraud:

1. Protect enterprise-wide transactions with contextualized decisioning and cross-industry collaboration
2. Accelerate decision-making with machine learning
3. Strengthen the weakest link with two-way communication

Deploying the right tools to send risk signals, with privacy designed into the process, allows banks and financial institutions to protect customers from all corners without impeding a seamless customer experience.

### Inside Real-Time Season 3 – Unmasking the Many Faces of Fraud

This year, ACI launched [Inside Real-Time](#) — a new, multi-channel media platform — as the definitive guide and go-to source for the world's real-time payment stories, including exclusive content exploring the latest developments and opportunities in the world of real-time payments and how real-time is empowering consumers, merchants, businesses and banks. In the new four-part video series of season 3 focusing on fraud management, each

episode unmask the many faces of fraud associated with real-time payments and shares guidance for industry players looking to better protect themselves and their customers.

Note to editors: Different markets may use different terminology to refer to APP scam, such as "APP fraud," "Scams," "Confidence tricks" and "PIX fraud."

#### **About ACI Worldwide**

[ACI Worldwide](#) is a global leader in mission-critical, [real-time payments software](#). Our proven, secure and scalable software solutions enable leading corporations, fintechs and financial disruptors to process and manage [digital payments](#), power [omni-commerce payments](#), present and process [bill payments](#), and manage [fraud and risk](#). We combine our global footprint with a local presence to drive the [real-time digital transformation](#) of payments and commerce.

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