

RISKSHIELD
BY  INFORM



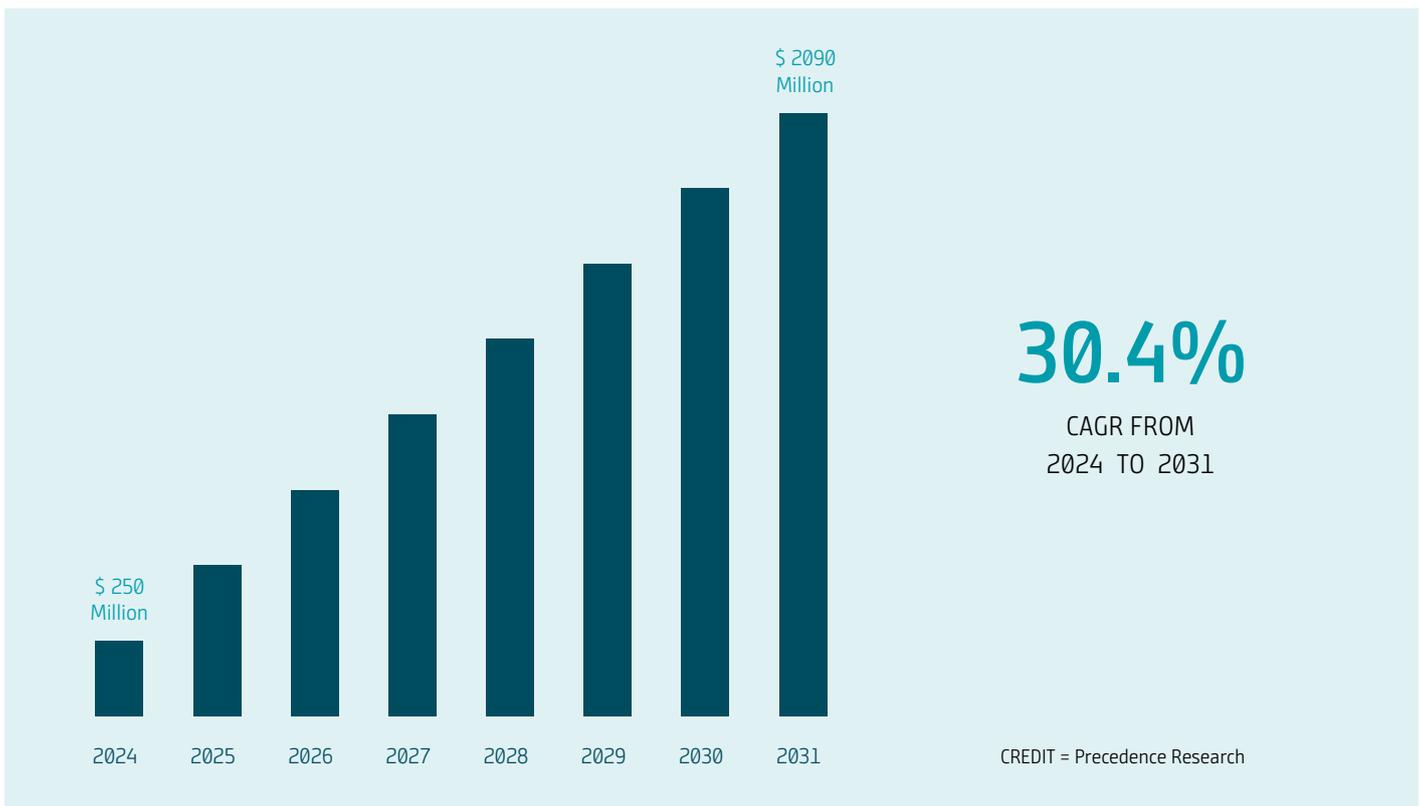
SECURING THE INSTANT FUTURE BEYOND COMPLIANCE

PAYMENTS INDUSTRY INTELLIGENCE
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As impending regulations and consumer demand make instant payments (IP) an urgent priority for banks, **Roy Prayikulam, SVP Risk & Fraud at INFORM** argues banks should see securing instant payments not just as an obligation – but as the key to a whole new range of product and customer service opportunities.

While it can be hard to separate the signal from the noise in global payments, there's no doubt the story of the next decade will be instant payments. Already accounting for more than 40% of all payments by value in Asia, instant payments are projected to grow at more than 35% Compound Annual Growth Rate (CAGR) globally over the next six years, accounting for more than one in three payments by 2030.

INSTANT PAYMENTS TO EXCEED \$3.74 TRILLION WORLD-WIDE BY 2030



The rapid growth we're seeing in instant payments is consistent with a wider shift brought about by the digital revolution. Consumers expect the same levels of convenience, security and speed from payments that they are used to in areas such as downloading content or streaming movies.

While the move to instant payment infrastructures is not uncomplicated, it also offers banks the opportunity to deliver next-level customer service, dramatically improve customer satisfaction and retention, and develop new services such as Authorized Push Payments, Request to Pay and more.

» THE SHIFT TO INSTANT PAYMENTS EMPOWERS BANKS TO DELIVER DRAMATIC IMPROVEMENTS IN CUSTOMER SERVICE AND SATISFACTION – AS WELL AS NEW SERVICES SUCH AS AUTHORIZED PUSH PAYMENTS AND REQUEST TO PAY.

REGULATORS GETTING READY

Anticipating the rapid growth outlined above, regulators around the world have begun legislating for instant payments – and Europe is no exception. According to a mandate from the European Commission, all banks in the EU must be capable of receiving instant payments compliant with the SEPA SCT-Inst standard nine months after the December 2024 deadline, and must be capable of sending SCT-Inst payments 18 months of this deadline.

As part of this regulatory commitment, banks must employ all possible means to protect the customer from fraud or risk exposure to liability for fraud. To help banks, EBA Clearing (the European Banking Association's independent payment services organization) has set up a fraud detection and prevention service known as FPAD (Fraud Pattern and Anomaly Detection).

Launched in March 2024, this game-changing service draws on the billions of transactions processed by EBA Clearing

annually, providing banks with a comprehensive understanding of payment and beneficiary account behaviors. The added value of the FPAD service goes beyond individual institutions' efforts in fraud prevention. By utilizing a network view, the FPAD service offers banks or PSPs an enhanced view of risks, allowing for more precise risk management. Enhancing in-house fraud prevention systems with FPAD's analytics and detection capabilities can significantly reduce the number of false positives, streamlining operations and improving overall efficiency.

Additionally, the EU has announced the introduction of Verification of Payee (VoP) services from March 2024, with banks facing the obligation to introduce VoP for customer accounts no later than October 2025. VoP services enable clients to check that their money is going to the right account – an important security measure for instant payments, where transaction and settlement should take place within 10 seconds.

THE CATCH? INSTANT AUTHENTICATION ISN'T EASY

By definition, authentication and the management of fraud risk are challenging when it comes to instant payments, since the requirement to settle a payment within ten seconds gives less time for verification and confirmation of payees throughout the transaction chain. Likewise, the current status regarding liability for any losses suffered by consumers remains unclear in some jurisdictions – making instant payments a potentially expensive risk for banks, unless adequate protections are introduced.

» FRAUD LOSSES AS A RESULT OF APP SCAMS IN INDIA, THE UK, AND US ARE PROJECTED TO DOUBLE TO \$5.25 BILLION BY Q4 2026.

In India, the UK and US, scams associated with Authorized Push Payments (APP) now account for 75% of all digital payments value lost to fraud, with total losses in these markets projected to double, reaching \$5.25 billion by the end of 2026.

Banks need to find a solution which doesn't create additional friction and delivers on the instant payments promise of faster, smoother transactions – as well as giving them access to client

transaction data to enable not just fraud detection, but the ability to identify new product opportunities. In particular, banks require access to both external resources such as FPAD and the capacity to draw on data from the whole range of interactions with their own customers to help identify transaction anomalies which could indicate fraud. In essence, this means moving from a rules-based approach to a 360-degree view of their customer's behavior.

RISKSHIELD: SECURING INSTANT PAYMENTS

INFORM's RiskShield is configured to help banks secure their instant payment systems, and can be rapidly adapted to reflect upcoming and future regulatory requirements. The INFORM platform can cope with the high-volume, high-velocity transaction flows experienced when dealing with fast-growing instant payment volumes.



RiskShield Empowers Your Resilience Against Risk

- > **Real-Time Performance:** operates as a real-time decision engine with instant processing capabilities.
- > **Case Investigation and Workflow Management:** comprehensive alert, case and workflow management solutions that streamline the investigation process.
- > **Unique Hybrid AI approach** combining human expertise and data-based Machine Learning.
- > **Extreme flexibility on various levels.**
- > **Exceptional speed in transaction monitoring.**

Consistent with the need for a 360-degree view of client data, RiskShield enables banks to absorb data from digital onboarding and customer interactions in other product areas to verify customers during transactions in real-time. RiskShield is FPAD-ready, meaning that it is able to seamlessly integrate FPAD's risk indicators and IBAN/name check results into its decision logic for fraud prevention and post-transaction investigation.

The RiskShield product portfolio relating to fraud prevention includes compliance modules for sanctions screening, AML transaction monitoring and CDD. These features offer banks and PSPs the ability to organize a full-spectrum view of client activity, enabling them to identify new product and service opportunities and gain an additional edge in the fast-developing world of instant service delivery.

ENABLING AN INSTANT FUTURE WITH THE RIGHT APPROACH

Instant payments should be both a strategic and operational focus for banks and PSPs at present – not just to meet current expectations from consumers, businesses and regulators, but for the future strategic opportunities they offer in terms of new products and increased customer satisfaction and retention. These are vital factors if banks and PSPs are to retain their competitive advantage against new digital-first banks and fintechs.

The right approach to securing instant payments is, at one level, important for protecting customers from fraud and protecting banks from liability for losses. At another level, adopting an approach that focuses on rich data from bank and PSP customers will deliver better security across the board – as well as unlocking new product opportunities based on analysis of transaction data such as request to pay (R2P) services, Automated Push Payments (APP), and more.

To discuss the right approach to securing instant payments and the opportunities this creates contact:

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