



MERCHANT
PAYMENTS
ECOSYSTEM

Payment Abuse in the Fraud Economy: Growth Fueled Risk and Moving Targets





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facebook

Google



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Agenda

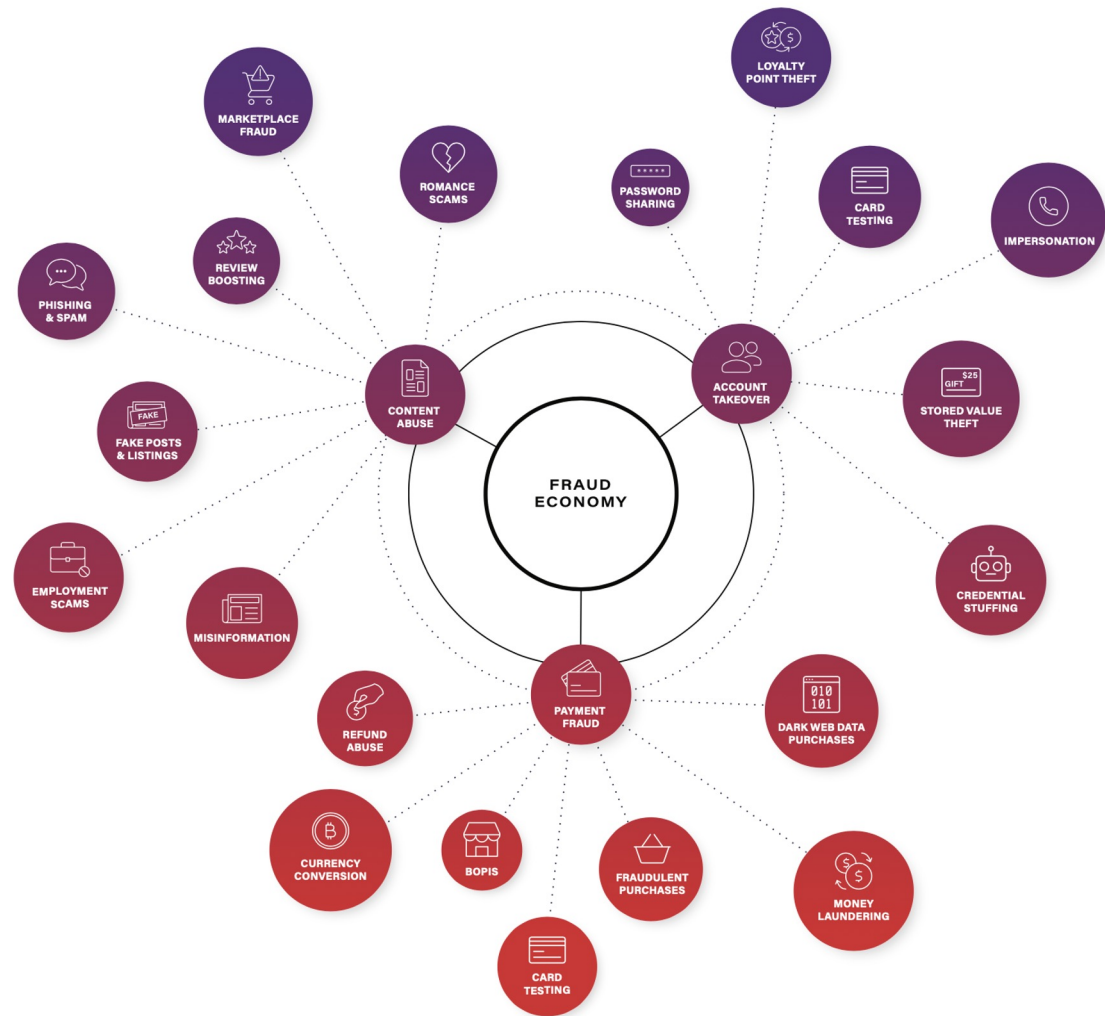
Fraud Economy

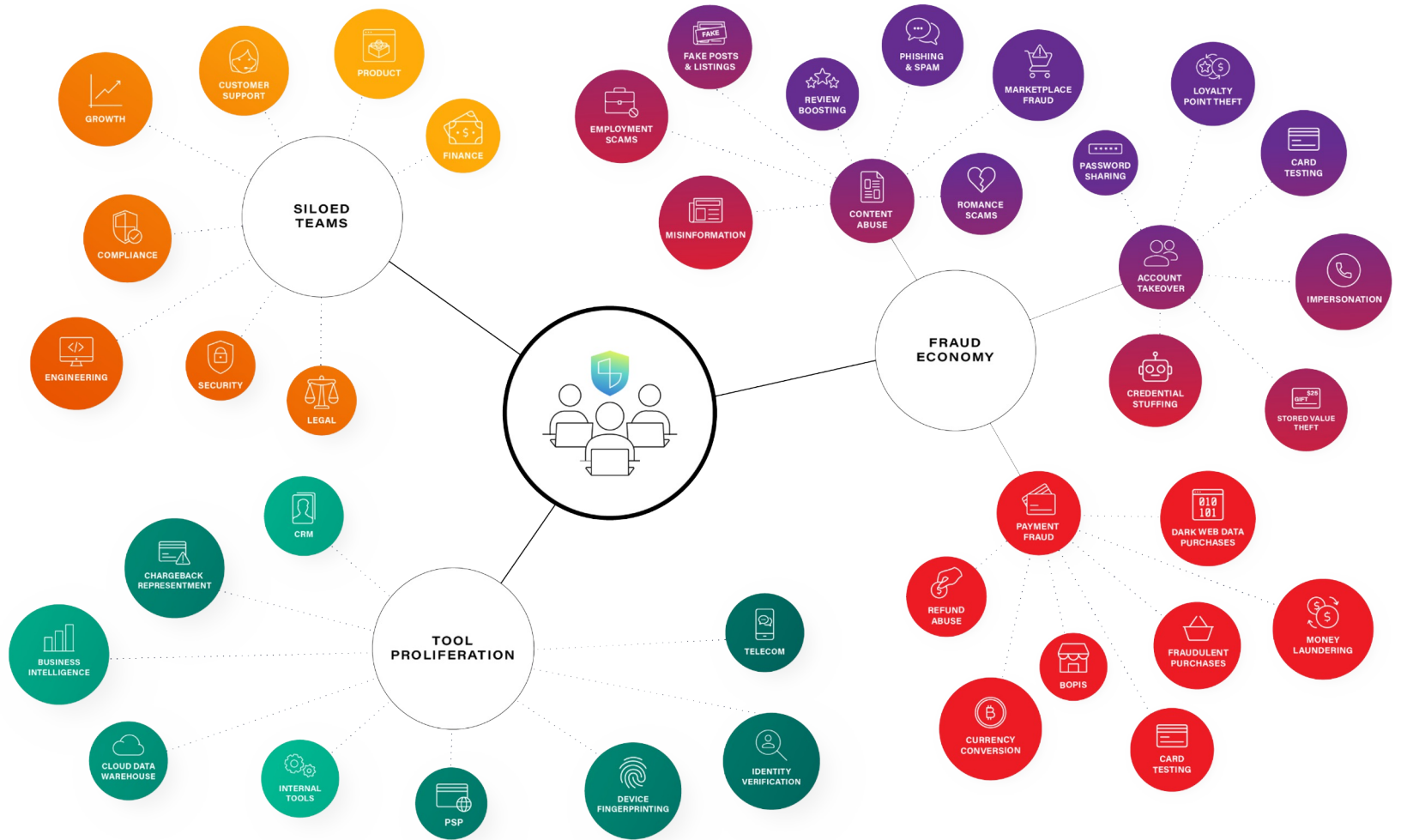
Fraud Trends

Mitigating Exposure

The Fraud Economy

Fraud vectors are more interrelated than what you may know





+29%

YoY increase in payment
fraud attempts

Source: Sift Q1 2022 Digital Trust & Safety Index

49%

Consumers who report to
have fallen victim to
payment fraud

Source: Sift Q1 2022 Digital Trust & Safety Index



+121%
Fintech



+34%
Travel +
hospitality



+29%
DGS



+24%
Marketplaces



+6.3%
On-demand

% increase YoY in order volumes by industry, 2020-2021.

Fintech Breakdown: Fraudsters target digital wallets, crypto, PSPs

Most fintech providers saw an uptick in attempted payment fraud between 2020-2021, indicating that fraudsters are focused on areas with rocketing growth and popularity, like alternative payments and decentralized finances.



Digital Wallets

200%



PSPs*

169%



Crypto Exchanges

140%



BNPL

54%



Loyalty

3.7%

*Calculated based on the YoY fraud rates of the PSPS' merchant customers.



The most prevalent form of card-not-present (CNP) fraud for merchants and marketplaces goes by many names: “clean fraud,” “carding,” “stolen credit card fraud,” “traditional fraud,” “classic CNP fraud,” and others.



Fraudsters who are either priming a set of stolen credit cards for sale or testing a batch they purchased for validity will leverage bots and automated scripts to do so via a merchant’s website.

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PERSONAL FINANCE

Now you can buy now, pay later for just about everything

PUBLISHED FRI, OCT 22 2021-10:27 AM EDT

Jessica Dickler
@JDICKLER

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KEY POINTS

- Shoppers can use “buy now, pay later” on nearly every purchase, from ordering in to a night out on the town.
- However, installment payments could come with a catch.

Fast Money
UP NEXT | Mad M

The story of |

FORTUNE

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NEWSLETTERS • TERM SHEET

Buy now, pay later scammers are sharing their exploits and secrets on Telegram

BY JESSICA MATHEWS
January 28, 2022 9:07 AM PST

Subtotal £102.00

Shipping Free

Total GBP **£102.00**

Credit card

 and more...

PayPal

Pay over time with

Buy now, pay later with



After clicking "Review order", you will be redirected to Buy now, pay later with to complete your purchase securely.

Your Profile



Great, now that we've verified your number, tell us a bit about yourself so we can do a secure credit check - it's quick and doesn't impact your credit score.

First name
Jane

Last name
Lee

Gender
Female

Date of birth

Q Lookup home address...

Home address

Home address line 2 (optional)

State

City

Postcode

Your identity verification did not succeed, please review your details and try again.

Your Profile



now that we've verified your number,

.....

○ Credit / Debit / Overstock Card



Card Number

Exp Month Exp Year CVV

Overstock Store Credit Card Financing

Buy now, pay later. Pay it off in up to 24 months¹ with the Overstock store credit card. [1 Learn More](#)

○ **PayPal**

○ **Klarna**

○ **bitcoin**



Scan QR code or copy/paste payment address into wallet.

19:30



Overstock Payment Address:

Order Total: \$58.64
0.00137000 BTC

[Have questions?](#) ▾



I have submitted my payment.

We'll notify you when your payment comes through and your order is commed.

Thanks for Your Order!

Bonus Coupon!
Activate >

Order number: #371431071
[Track your order here](#) >

We will ship your order once your payment is processed through CoinPayments.

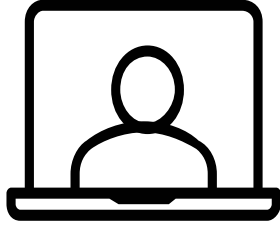
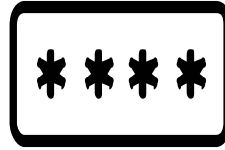
Shipping Address:

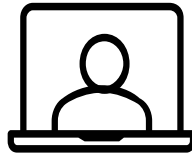
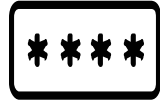
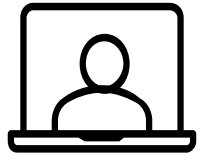
Payment:

Jane Lee in

Manage or cancel your order:

+ [Create an Account](#)

**ACCOUNT CREATION****LOGIN****PAYMENT**



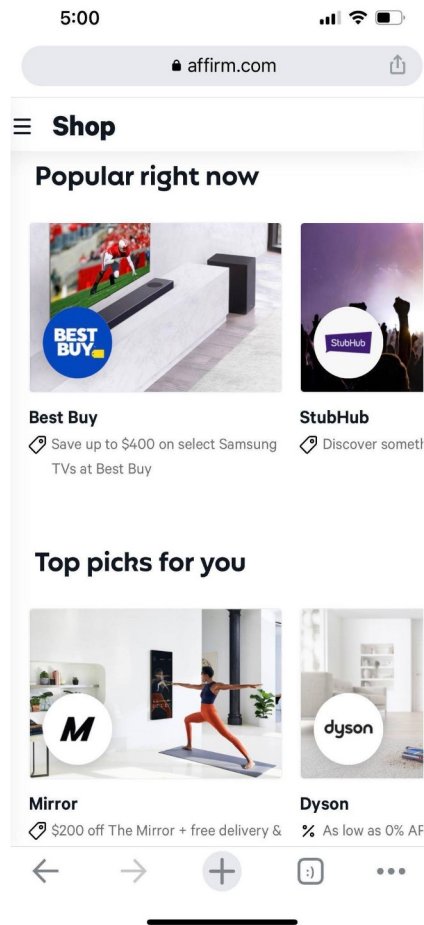
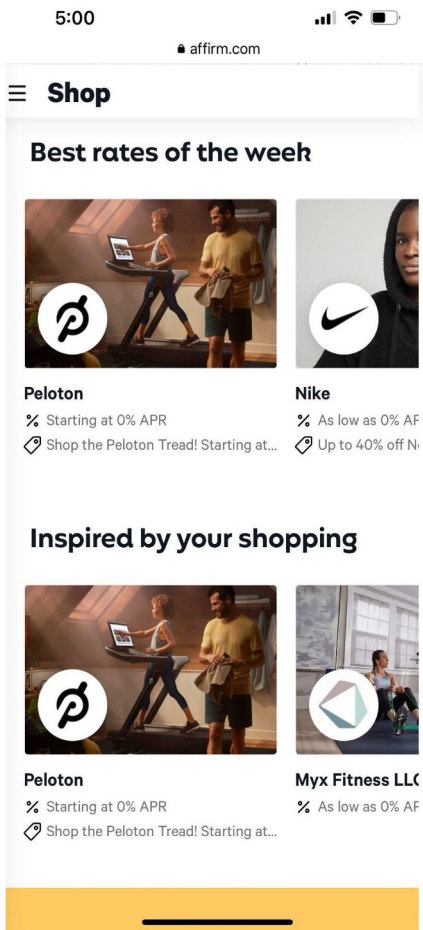
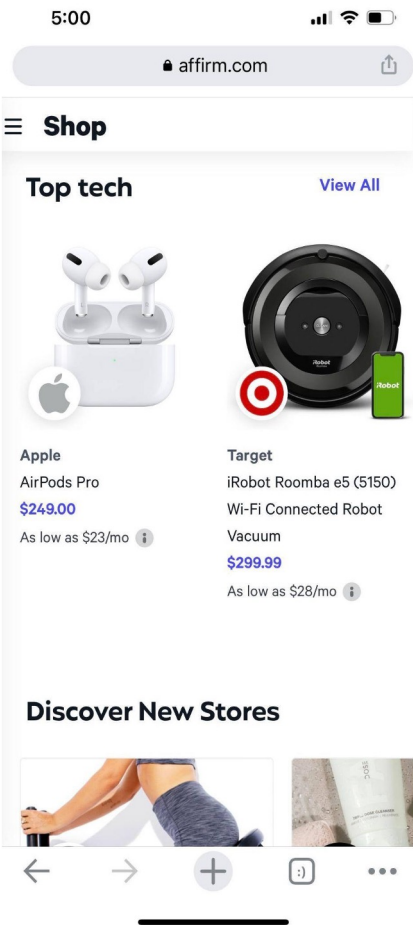
ACCOUNT CREATION

LOGIN

ACCOUNT CREATION

LOGIN

PAYMENT



Cryptocurrency platform Wormhole restores funds after suffering \$320 million hack

BY KRISTOPHER J. BROOKS

FEBRUARY 3, 2022 / 3:56 PM / MONEYWATCH

1.1M Compromised Accounts Found at 17

65%



Products

How-To

News

Newsletters

Find products, advice

MUST READ: Tech investment is hitting new highs

Hackers hijacking Instagram companies and influencers ransom

Access to the accounts is being sold for up to \$40,000.



Written by **Jonathan Greig**, Staff Writer
on January 25, 2022 | Topic: Security

2021 Was a Record Year for Data Breaches, But Scammers Now Have a New Focus

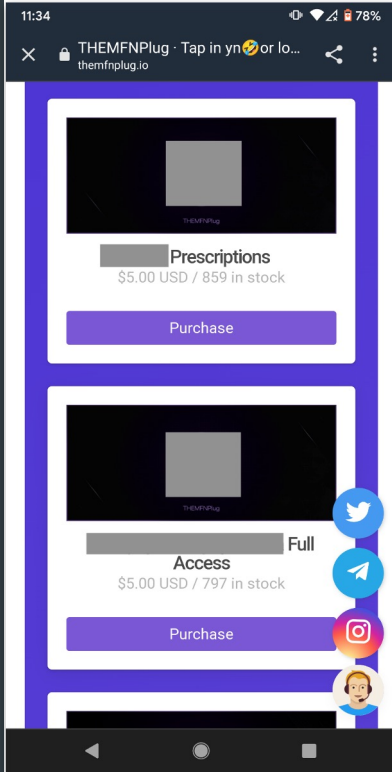
Though the number of individuals targeted via data breaches was down in 2021, the number of data compromises overall was the highest recorded, according to the Identity Theft Resource Center.



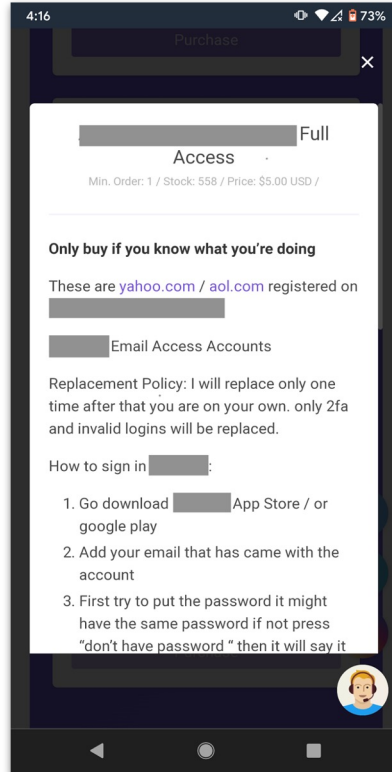
By **Eric Griffith** January 31, 2022



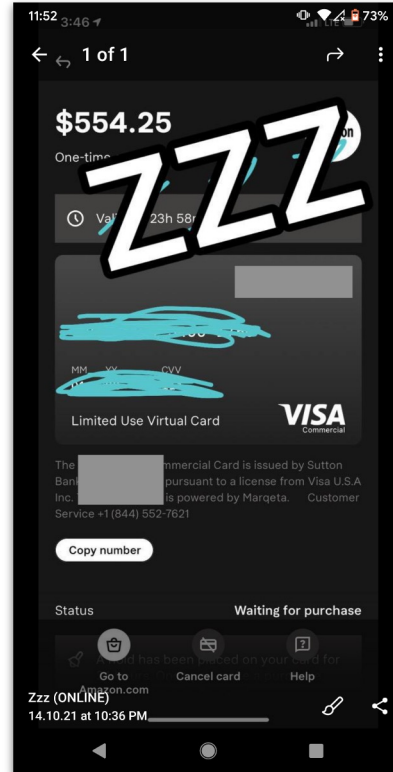
Accounts for Sale



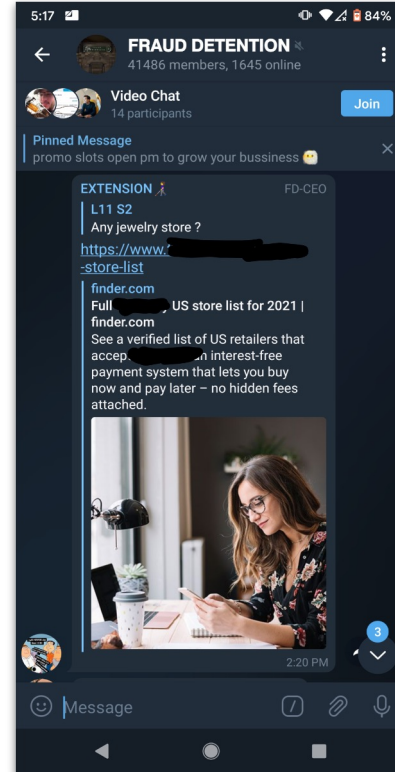
Usage Guides

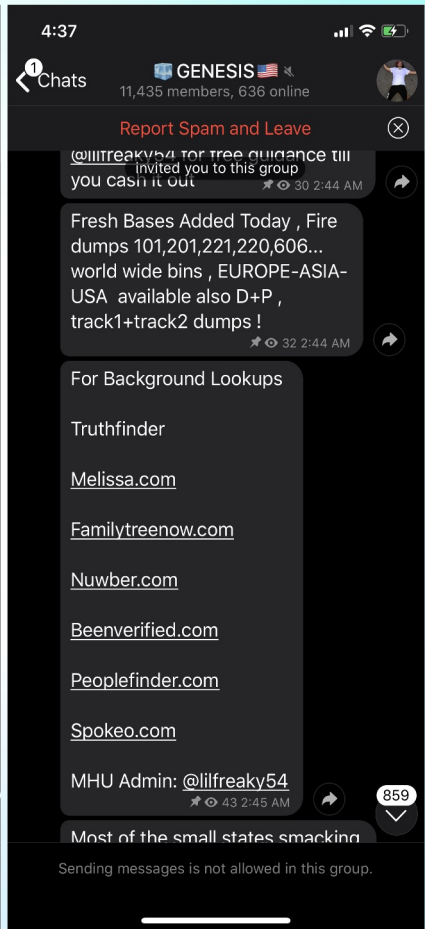
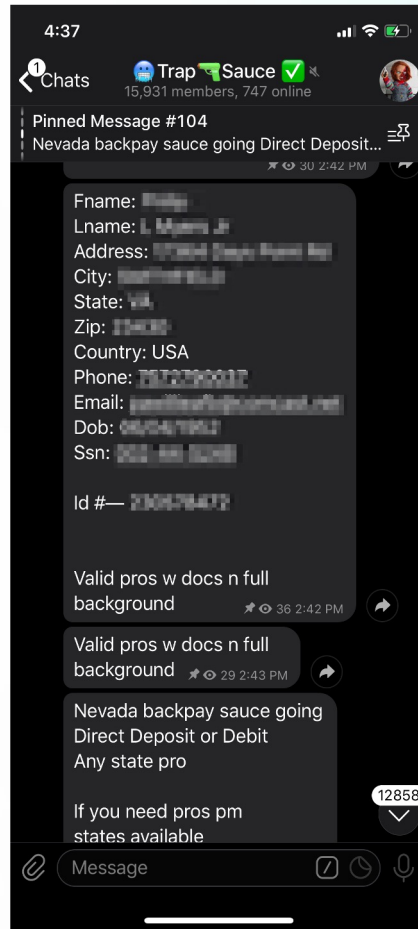
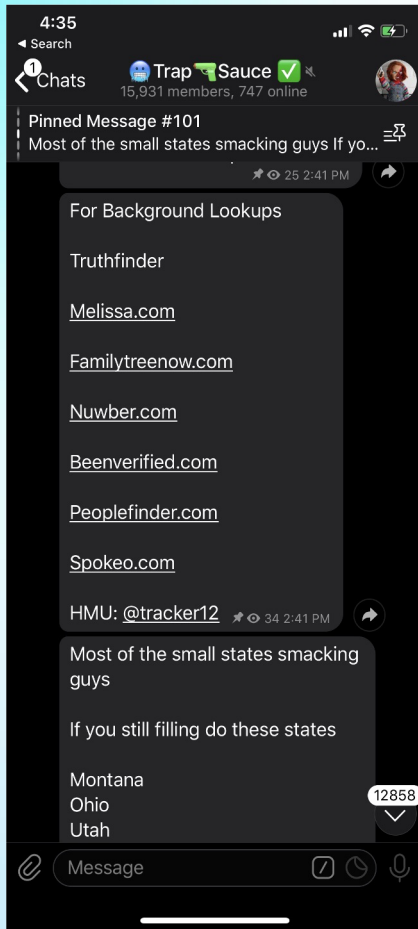


Proof of Access



Store Lists







CYBERSECURITY **DIVE**

DIVE BRIEF

NY attorney general probes widespread credential stuffing, 17 companies affected

Published Jan. 6, 2022



Samantha Schwartz

Reporter

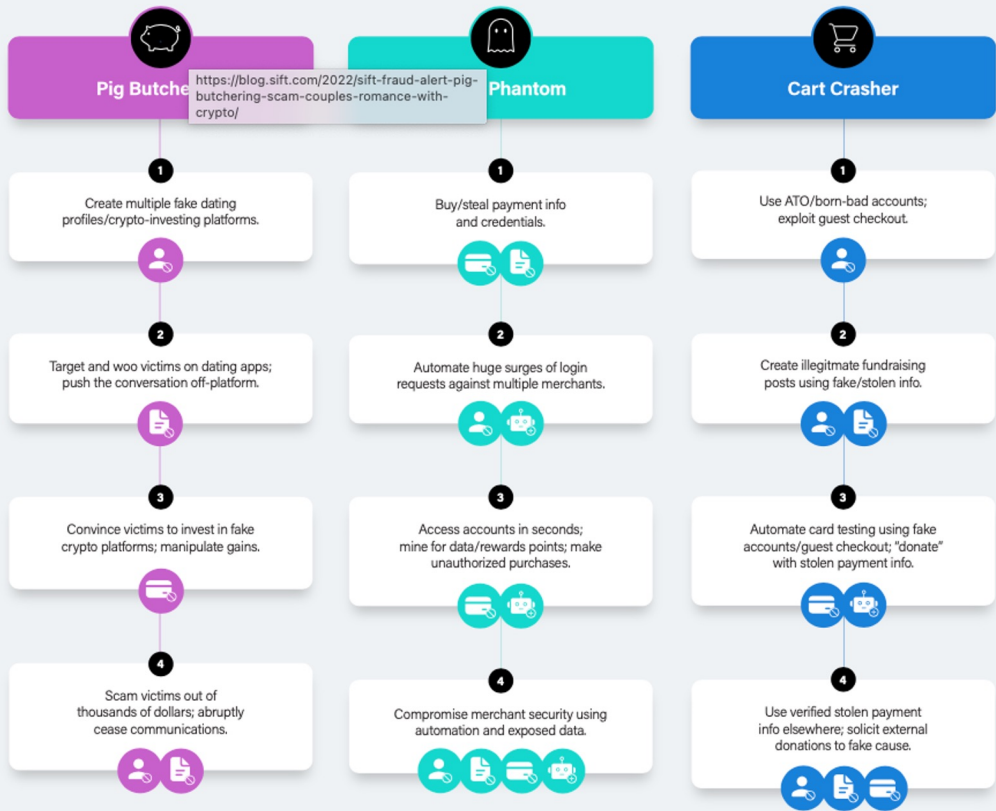


Nov 12, 2021

■	Login	[Redacted]	11:30pm
	Success		
■	Login	[Redacted]	10:17am
	Success		
■	Login	[Redacted]	6:44am
	Success		
■	Transaction (Authorize)	[Redacted]	4:10am
	Success		
■	Create Order	[Redacted]	4:10am
■	Login	[Redacted]	3:43am
	Success		
■	Login	[Redacted]	5:46am
	Success		
■	Login	[Redacted]	5:45am
	Success		
■	Login	[Redacted]	5:45am
	Success		
■	Login	[Redacted]	5:44am
	Success		
■	Login	[Redacted]	5:43am
	Success		
■	Login	[Redacted]	5:43am
	Success		
■	Login	[Redacted]	5:42am
	Success		

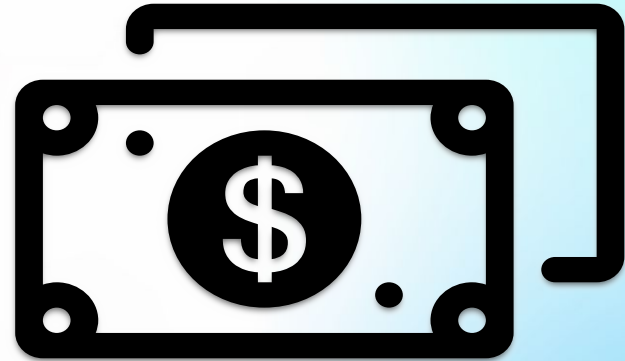
Global Fraud Ring Tactics

Account takeover (ATO)
 Payment abuse
 Automation (bot attacks)
 Content fraud



A Breakdown of Trust

- ATO
- Chargebacks
- Increased friction
 - Reduced engagement
 - Reduced customer lifetime value
 - Increased customer acquisition cost
 - User churn
- Negative Public Relations
- Brand Reputation
- Legal
- Compliance
- Ops, Eng & PM staffing



Mitigation at Scale



Reporting



Analyst Tools and Feedback



Workflow and Rules Automation



Machine Learning



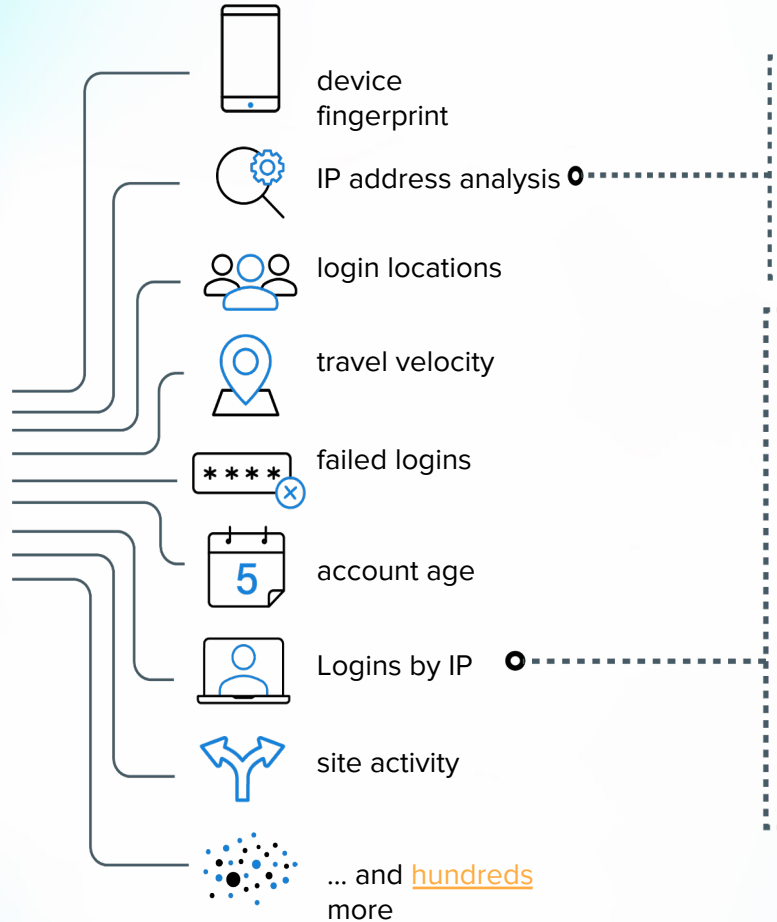
High-Volume Digestible Data Ingestion



Machine Learning

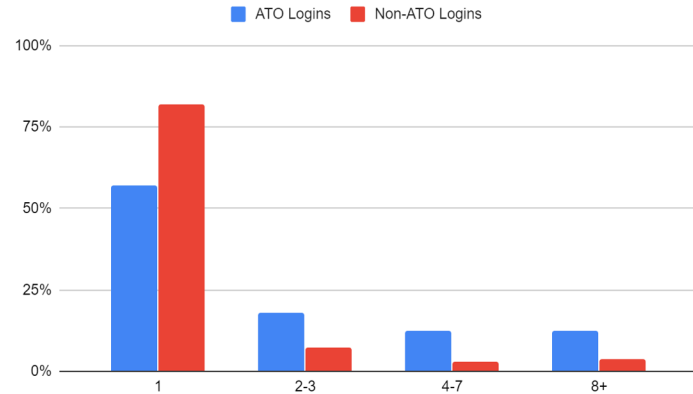


99



209.107.195.XX **6X riskier**
 185.147.213.XX **5X riskier**
 67.199.181.XX **2X less risky**

Logins from same IP Address



4-7 logins per IP is **4x more likely** to be fraud



Workflow and Rules Automation

1

Extremely Risky / Bots

IF SESSION MATCHES

Account Takeover Score > 90

THEN:

 Session Looks Bad

2

Verification

IF SESSION MATCHES

Account Takeover Score > 70 + Number of users with the same IP > 30

THEN:

**
* Verification

3

Security Alert

IF SESSION MATCHES

Account Takeover Score > 50 + Days since last login > 30

THEN:

 Security Notification

4

Everything Else

IF SESSION

doesn't match any of the above

THEN:

 Session Looks OK

Questions?



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See our [Q1 Digital Trust & Safety Index](#) for more trends