Payments in 2022: What Had Our Attention?

Talk About Payments Webinar

December 15, 2022

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• Have technical issues
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• Ask a question
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• Take the survey
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  – Recording, presentation deck, and transcript will be posted on the Retail Payments Risk Forum website in approximately a week (https://www.atlantafed.org/rprf.aspx).
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TODAY’S PANELISTS

Nancy Donahue

Dave Lott

Jessica Washington
AGENDA

1. Payments Word of the Year
2. Payments infrastructure evolution
3. Business payments
4. Fraud collaboration
5. Audience Q&A
PAYMENTS WORD OF THE YEAR

INTEROPERABILITY
Which of the following words gets your vote for the Payments Word of the Year?

a) Frictionless  
b) Interoperability  
c) Irrevocable  
d) Metaverse  
e) Omnichannel  
f) PayFacs
EVOLUTION OF THE PAYMENTS SYSTEM
PAYMENTS SYSTEM EVOLUTION

• Instant payments
• Same-day ACH
• Contactless payments
• Economic inclusion
• Open banking
• Debit routing
• Future technology
Payments Inclusion

Cash Preservation
Ensure consumers are able to continue to use cash as a widely accepted means of payment.

Benefits of Digital Payments
Understand the benefits, bridge the gaps, design and research inclusively.

Optionality
Ensure fair and equitable access to and use of payment options.

Economic Resilience and Mobility
Promote economic resilience and mobility through financial and payments inclusion.
MORE US CONSUMERS USE CASH THAN ANY OTHER PAYMENT INSTRUMENT

- 85% used cash at least once in the past 30 days.
- 21% used a prepaid card.

Source: 2021 Survey and Diary of Consumer Payment Choice
PAYMENTS SYSTEM EVOLUTION

- Instant payments
- Same-day ACH
- Contactless payments
- Economic inclusion
- Open banking
- Debit routing
- Future technology
BUSINESS PAYMENTS
Q. Has your organization made any payments using the following payment tools in the past 12 months? (Base: 399 employees of midsize and large U.S. and Canadian companies)

- Cryptocurrency (e.g., bitcoin)
- Virtual card numbers (VCNs)
- Zelle/Interac eTransfer
- Same-day ACH*
- Push-to-card
- RTP*
- International/cross-border payment
- Fuel/fleet card
- Employee’s personal credit/debit card
- Digital wallet
- Cash
- Wire*
- Purchasing card
- Corporate card
- ACH/EFT/wire
- Check

* Base: 300 employees of midsize and large U.S. companies
Source: Aite-Novarica Group survey of 790 employees of midsize and large North American and European organizations, Q2 2022
BUSINESS PAYMENTS INNOVATION

The Ideal State: E-invoice and E-remittance Exchange Framework

BUSINESS PAYMENT INNOVATIONS

Virtual cards

Omnichannel

Instant payments
RANSOMWARE TRENDS BY MONTH

RANSOMWARE ATTACK VECTORS

Source: Coveware https://www.coveware.com/blog/2022/10/26/q3-2022-quarterly-report#payment
FRAUD COLLABORATION
PAYMENTS FRAUD

• Fraud scenarios w/credit-push
  o Business email compromise
  o Vendor and payroll impersonation
  o Account takeover
  o P2P scams
  o Authorized push payment (APP)
• Chargebacks and 1st-party fraud
• Online fraud–eCommerce
NACHA’s NEW RISK MANAGEMENT FRAMEWORK

**AREAS OF FOCUS**

- Defining the role of the receiving account-holding institution
- Enabling and providing information sharing among financial institutions
- Expanding and improving end-user awareness and education

**OBJECTIVES**

- Increase awareness of fraud schemes that utilize credit-push payments
- Reduce the incidence of successful fraud attempts
- Improve the recovery of funds after frauds have occurred
FRAUD COLLABORATION

• Interoperable network modeling
• Attack exercises

• Payment associations
• FS-ISAC
• Law enforcement
• The Fed
• Regulators
WATCHING IN 2023

- Banking-as-a-service
- Buy now, pay later
- Consumer shopping
- Gig economy
- Instant payments
- Master accounts
What questions can we answer?

Click the Q&A button in the webinar platform to submit your questions.
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Retail Payments Risk Forum