

EPIF views on Fraud

Proposal for a more comprehensive fraud prevention approach

Context

Fraud is a societal risk that jeopardizes the safe functioning of the digital economy. To properly tackle fraud, it is necessary to **implement a wide range of tools** that allow all the actors in the fraud chain to have the **appropriate means to act**, both together and individually, based on where they sit in this chain. This includes payment service providers, telecom operators and operators of online platforms. These solutions should emphasize cross-sectoral collaboration, cooperation and education to empower consumers.

Given the ramifications fraud and scams can have for society, going well beyond the remit of payments or financial services, **EPIF calls on the European Commission to set up a cross-sectoral task force to draft a holistic ‘consumer anti-fraud and scam strategy’**. This would bring together DG FISMA, DG CONNECT, DG HOME and DG JUST as well as experts from all relevant sectors including the financial sector, the telecommunication sector, online platforms, civil society consumer groups and law enforcement agencies.

Proposal for the Payment Services Regulation (PSR)

Firstly, it's important to **implement a framework with strong anti-fraud measures** across the entire value chain/ecosystem related to impersonation fraud. These measures should be interventions tailored to where each actor sits in the ecosystem in line with the relevant regulatory framework. **EPIF recommends** that the PSR should mandate the European Banking Authority (EBA), together with the Body of European Regulators for Electronic Communications (BEREC) and the Digital services Oversight Board under the DSA, to determine **sector-specific preventative and mitigating measures that each ecosystem should put in place**, with the support of a cross-industry taskforce which will provide practical advice and recommendations as to where it is possible to disrupt the fraud chain in meaningful ways.

A list of non-exhaustive examples could be as follows:

- **PSPs**: cool-off periods, implement “kill-switches” agreed with their customers (the details should not be made public) that once activated, everything gets blocked (bank account movements, card movements, etc.) until the situation is properly solved; send real time alerts to their clients above certain amounts forcing an authorization on the registered device and phone number, have fraud support lines 24/7/365; be legally prohibited to send links to their customers. Be allowed to block accounts.

- **Telecoms:** blocking phone numbers, blocking SMS, disclosing real phone numbers, make ID spoofing illegal and prohibited (the Finish [example](#) could be a solution), mandatory disclosing of real phone numbers;
- **Online platforms:** removing fraudulent content and / or accounts when technically possible and when the platforms are made aware via appropriate reporting channels (including user reports); providing educational resources and campaigns including on-platform communication or initiatives to heighten awareness and literacy of users about fraud; assist users to take measures to protect their information and accounts; developing tools to protect brands against impersonation fraud and providing blocking functionalities to users to prevent unwanted contact.

Secondly, EPIF is supportive of enhancing voluntary information sharing, in accordance with GDPR, as set out in Article 83 of PSR. Lawmakers should also consider mechanisms that allow stakeholders to share data about the trends, techniques and practices of fraudsters that enables robust anti-fraud measures that stay apace with the evolving threat and effectively deter and mitigate adversarial actors. Data sharing should take into account the data minimization principle to ensure only the minimum amount of data necessary to achieve impersonation fraud prevention is shared.

Thirdly, the PSR should encourage more cross-sectoral collaboration for example consumer educational campaigns. Raising awareness among consumers is a proven preventive measure to reduce the number of consumers who fall victim to fraud and scams. Different entities could consider sharing resources directed at consumers to help them recognise common fraud and scams techniques.

Fourthly, EPIF recommends that the PSR should mandate the European Banking Authority (EBA), the Body of European Regulators for Electronic Communications (BEREC) and the Digital Services Oversight Board under the DSA, to determine the **appropriate reimbursements when the preventative and mitigating sector specific measures failed** in line with the responsibilities of the respective actors under their applicable EU regulatory framework.