

# INFORMATION SECURITY BRIEF

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## Peer-to-Peer Payments

### The Rise of Digital Payments

The use of digital payments has significantly grown over the past ten years, especially post-2020. Its inception is often paired with online retailers and resell stores, like eBay, bringing the application PayPal into the scene. Nowadays, consumers use digital payments, from online bill pay to splitting dinner with their friends. With the rise of new products like Zelle®, Venmo, Cash App, Google Pay, and Apple Pay, one thing is clear; peer-to-peer digital transactions are here to stay. Just as new technology grows, so does its counterpart – scams. Scammers are utilizing the urgency and convenience of digital payments to scam consumers. What does this mean for you and your customers?

### "That was an accident. Can you send the funds back?"

Fraudsters create free profiles on digital payment applications, send money to strangers, and immediately ask for it back. Everything you see looks legitimate, but you do not see that the fraudster has used a stolen credit card to send you the money, which will result in a chargeback, therefore canceling the transaction. They often will quickly reach out, present a sense of urgency and regret, to catch you off-guard. If you were to return the money that would come out of your account not return the 'accidental funds.' If you encounter a situation like this, do not return any money. Instead, ask the sender to cancel the transaction or contact the provider's support to reverse the transaction.

### Tips to Protect Your Money

- Consider linking a credit card to digital payment applications, not a debit card.
- Only transfer funds to people you know personally and have discussed the transfer.
- Avoid using digital payment applications for business use.
- Enable PIN and or fingerprint confirmation for transfers.

### FedNow® Service

The Federal Reserve has released its new system for instant digital payments. This system is currently in its beta phase and testing with 35 banks and credit unions. This system is The Federal Reserve's solution to the rise in digital payment utilization designed to "maintain uninterrupted 24x7x365 processing with security features to support payment integrity and data." <sup>[i]</sup> Be on the lookout for more information on FedNow and its impact on businesses and consumers.

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[i] [https://www.federalreserve.gov/paymentsystems/fednow\\_about.htm](https://www.federalreserve.gov/paymentsystems/fednow_about.htm)