Summary of collected inputs from ERPB members

Fraud detection and prevention

4 July 2023

Digital euro project team
1. Does ERPB share the view from the functional analysis, with a role for a central fraud support service (CSS)?

ERPB members supported the analysis done on fraud detection and prevention in the digital euro and endorsed the orientation taken by the HLTF-CBDC.

Particularly, ERPB members:

- Expressed large support for Option 3 to ensure a safe and secure digital euro - meaning to perform monitoring and risk scoring of transactions at a CSS in real-time.

- Noted the preference that fraud detection and prevention function to be in place sooner rather than later, if possible, to avoid giving a “window of opportunity” to fraudsters.

- See the need to provide legal clarity on roles and responsibilities, e.g., reimbursements, rights, responsibilities of the payer and the payee. Responsibilities should be clarified in the rulebook.

- Search for consistent with the next version of the Payment Service Directive.
2. What is ERPB view on potential opportunity for PSPs to combine (specific) digital € fraud case information, with the PSP's (general) fraud profiles obtained from fraud monitoring of all other payment methods supported by the PSP?

particularly, ERPB members:

• Emphasize the potential of **PSPs to leverage their expertise, experience, software and databases** built over the decades for understanding and preventing fraud-related dynamics

• See the **benefits when applying a Central Support Service** as in the current infrastructure, PSPs are severely hindered in sharing fraud information across industries.

• Noted the introduction of an **IBAN name check** for instant payments via the **SEPA regulation**, 

• Would prefer that fraud prevention measures are improved regularly and therefore enforcement measures should also be reported from the **PSP towards the CSS**, not only the other way round.
3. Would ERPB have any suggestions to complement the fraud prevention approach?

Particularly, ERPB members noted:

- Key activities should include education of citizens of how Digital Euro can reduce fraud.

- Identified vulnerable groups of consumers should be informed through regular and easy-to-understand communication about fraud risks and how to avoid them, and easy tools for consumers to report fraud and block their D€ account/digital euro card.

- Note that it would be useful to exploit the experience accumulated in other new payment schemes, in which there have been peaks of fraudulent phenomena.

- That a regular fraud health check for each participating intermediary could be taken into consideration.
Thank you!