

Fighting payment fraud

Visa creates next-gen solutions to beat fraudsters in the tech arms race.

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When it comes to digital payments, security is the absolute priority. That's because trust is the very backbone of the payments ecosystem. Yet, every year, fraudsters drain money from the economy through new scams that threaten to erode user confidence. Global fraud is accelerating as bad actors weaponize the same cutting-edge technologies that legitimate institutions are employing to improve customer experiences in commerce.

"Visa and our partners work every single day to keep commerce moving securely and seamlessly," said Paul Fabara, Chief Risk and Client Services Officer at Visa. "Bad actors are working just as hard, leveraging AI-generated audio and video deepfakes to impersonate victims, create synthetic identities and take over accounts. In order to continue to stay ahead, we will continue invest heavily in fraud and security capabilities and consumer education."

"Scams have evolved into a sophisticated, industrialized global threat, often run by transnational crime organizations operating from scam compounds," [American Banker](#) reports.

The fact is, banks today are locked in a technology arms race. Threat actors are:

- Making the latest technology part of their strategies, such as AI, large language models, cryptocurrencies, in phishing and ransomware schemes
- Organizing and carrying out attacks at unprecedented speed and scale

- Targeting consumers as the weakest link through deceptive email scams, like "pig butchering," that exploit human relationships to steal from victims
- Utilizing non-traditional payment methods, like mobile payment apps, to monetize schemes faster

Criminals continually probe for system vulnerabilities and adapt their schemes, such as using generative-AI to create believable phishing texts and emails or voice cloning to impersonate victims and bypass know-your-customer protocols. "Fraud is shifting away from unauthorized fraud — when your data is stolen and used without your knowledge to make transactions — to authorized fraud, where the consumer is the key to providing their payment credentials under false pretenses," says Fabara.

Consumers lost more than \$12.5 billion to fraud in 2024, a 25% increase over the prior year, according to the [Federal Trade Commission](#). Financial institutions saw a sharp rise in "threat actors combining the targeting of cardholders with exploiting advances in technology to facilitate scaled and impactful fraud schemes," according to a [report](#) from Visa's Payment Ecosystem Risk and Control (PERC) division, part of the Risk organization Fabara oversees. PERC found that fraud networks deployed malicious mobile applications, near field communication and data relay technology in their schemes. They continue to use social engineering in one-time passcode bypass scams and provisioning fraud.

Visa fights back against fraud with next-gen technology

In this evolving threat landscape, payment technology companies must fortify their defenses. Users around the world entrusted Visa with \$16.1 trillion in total payments and cash volume last year.

That trust is the reason Visa has invested \$12 billion over five years on technology and infrastructure to enhance network security.

- Visa uses **AI-powered fraud detection** to analyze billions of transactions in real-time. Processing over 300 billion individual payments and cash transactions annually, Visa is uniquely positioned to extract subtle insights about schemes to harvest payment credentials. For example, in one case, a single \$1 prepaid card transaction was flagged as a threat after investigational techniques combined merchant history with keyword analysis.
- Visa pioneered **tokenization and encryption technologies** to guard sensitive payment data. Visa's innovative anti-fraud tools halted 85% more suspected fraudulent transactions during the 2024 holiday season compared to the year before.
- Visa protects users from unauthorized transactions with **zero liability policies**. "Post-transaction, if there is a dispute, we make sure there is enough data for the customer to see if it is a legitimate dispute, and, if so, to let them get their refund seamlessly," says Michael Jabbara, senior vice president and head of PERC at Visa.

"With new threats to digital commerce always emerging, we remain focused on relentless innovation and investment," said Fabara. "From finding novel ways to harness AI, to hiring best-in-class talent, to first-of-its-kind scheme disruptions, Visa takes steps every single day to help stay ahead of fraudsters so that buyers and sellers know they are safe using Visa."

To proactively detect and dismantle complex scams before they cause severe harm, Visa's Risk organization launched a new unit, the Scam Disruption Practice. Visa's network controls are in place around the clock, like an invisible shield against hackers.



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Chief Risk and Client Services Officer
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"Think of authentication of the identity making the transactions. We put countervailing measures, like 3DS standards and other authentication frameworks, using passkeys as a mitigating factor," says Jabbara. "On the authorization side, we invested in very sophisticated models for bad transactions to be declined." Since its inception in 2024, the Scam Disruption Practice team detected over **\$650 million in scams**, helping clients and partners shut them down."

In an ever-changing fraud landscape, new threats to digital commerce are always emerging.

About Visa

Visa (NYSE: V) is a world leader in digital payments, facilitating transactions between consumers, merchants, financial institutions and government entities across more than 200 countries and territories. Visa's mission is to connect the world through the most innovative, convenient, reliable and secure payments network, enabling individuals, businesses and economies to thrive.

For more information, please visit [Visa.com](https://www.visa.com)