

Fraud and Security in Financial Services - UK - February 2020

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This report looks at the following areas:

- Prioritising fraud and security will improve the customer relationship
- Using fraud and security to create a point of differentiation

Fraud and online security in financial services are frequently identified as key concerns by consumers. These issues are increasingly becoming a battleground for differentiation among providers, who are keen to drive down the costs related to fraud and provide a reliable and reassuring service for customers. As a whole the financial services industry has made significant steps forward in tackling fraud, with regulations such as GDPR and PSD2 forcing banks to take action to improve their security protocols. However, the number of incidents of fraud continues to grow year-on-year, with mounting losses. Fraudsters are constantly adapting and innovating, and the industry must do the same to keep up.



“Despite improvements across the industry in tackling fraud, the number of incidents continues to rise. Fraudsters are continually finding new ways to target customers, particularly as more people choose to complete financial activities online or on their mobiles.”

– Douglas Kitchen, Financial Services Analyst

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THE MARKET – WHAT YOU NEED TO KNOW

- **Fraud incidents are on the rise**
- **Total losses from card fraud grow in 2018**
- **Mobile banking is increasingly at risk**
- **GDPR leads to a dramatic increase in incident reporting**
- **Banks disagree on how best to reimburse APP victims...**
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REGULATORY AND LEGISLATIVE CHANGES

- **GDPR results in a dramatic increase in cyber incident reports to the FCA...**
- **...and personal data breach reports to the ICO**
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- **Online card payments**
- **Mobile apps**
- **Temporary APP scam voluntary code launches**
- **Landmark ruling increases the threshold of consumer negligence**

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- **Banks take alternative approaches to tackling APP fraud**

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- **Santander attempts to raise awareness**
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- **Experian is helping customers identify and prevent fraud**

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- **The vast majority reported their issue...**
- **...while most do not suffer a financial loss**
- **Experiencing fraud can have a positive impact on the customer relationship...**
- **...and will lead to victims improving their financial security**
- **New providers face challenges in overcoming security concerns**
- **Most prioritise security over speed**

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