

UK banks call on other tech sectors to help fight proliferating APP fraud

Article

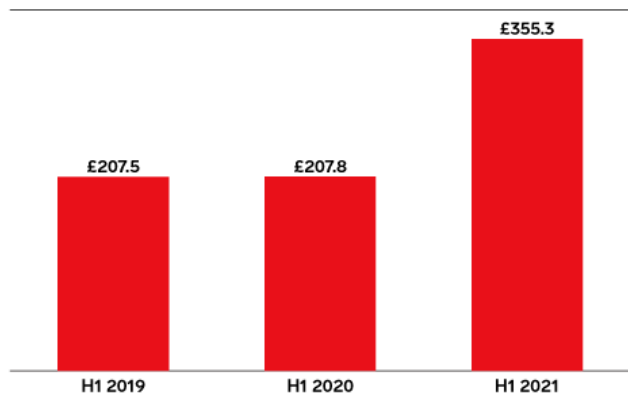
The news: Authorized push payment (APP) fraud surged in the UK in 2021, according to UK Finance.

More on this: The trade group reported that £1.3 billion (\$1.8 billion) was [stolen through fraud](#) and scams during 2021, up 39% from the previous year.

- Of that, £730.4 million (\$1 billion) was lost to unauthorized fraud schemes.
- There were 195,996 incidents of APP scams, resulting in £583.2 million (\$802 million) stolen.

Of the APP fraud cases, 40% came from scams in which fraudsters impersonated the UK National Health Service, banks, and other government departments. The scams were conducted via phone, texts, emails, and imposter websites.

Gross Value of UK Authorized Push Payment Scams, H1 2019, H1 2020, & H1 2021
millions of £



Source: UK Finance, "2021 Half Year Fraud Update," Sep 22, 2021

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What are banks doing? Currently there is no mandate for banks in the UK to reimburse APP fraud victims. But nine of the largest financial institutions in the country have signed a **voluntary agreement** for repayment put forth by the **Lending Standards Board**.

- Only 47% of victims **have been reimbursed** for the 2021 losses through this voluntary scheme, according to UK Finance.

Banks are also able to join a **program** called "159," in which banking customers can hang up on any call from an entity claiming to be their banking institution and then dial "159" to directly reach their bank to verify the caller.

What's the government doing? The rampant rise of APP fraud in the UK is causing regulators to reassess how banks are handling these cases.

- In May, the Queen's Speech **introduced** the **Financial Services and Markets Bill**, which would require banks to reimburse victims of APP fraud.

- The forthcoming **Economic Crime and Corporate Transparency Bill** is expected to give the government more control over information sharing and the process of tracking stolen funds.
- The country has also launched the “Take Five to Stop Fraud” campaign, which provides citizens with advice and education on how to handle scam attempts made through e-mail, online, or phone.

The big takeaway: APP scams are reaching alarming levels, and fraudsters are taking ever more sly approaches. One major struggle in addressing the schemes is that attacks often occur outside of the banking infrastructure. With fintech revolutionizing how people use money, more bad actors are able to use other technology platforms to infiltrate users’ bank accounts online. To nip APP fraud schemes in the bud, banks are calling on broader technology sectors to come together to educate their users on these tactics, to provide opportunities for customers to verify the people and programs with which they interact, and to identify fraudsters earlier in the process.