



VISA

APFD Detects Prepaid Fraud Early and Prevents Millions of Dollars in Losses

\$10.6M¹
in averted fraud

\$50M¹
fraud ring disrupted

Automated Payment Fraud Disruption for Prepaid Issuers

Visa Prepaid accounts offer consumers significant convenience, ease-of-use, and more control with managing their money. Government agencies also use prepaid accounts for disbursing funds to beneficiaries to reduce costs and risks associated with issuing checks and ensure immediate and secure delivery of aid to the recipients.

However, like any payment channel, prepaid accounts can be targeted by fraudsters for malicious purposes and such fraud can cause much harm to the unsuspecting citizens and their financial institutions. Visa Prepaid issuers have the advantage of having access to Automated Payment Fraud Disruption (APFD) capability which automatically identifies fraud indicators related to prepaid programs and quickly notifies impacted Visa issuers with actionable insights.

1. Fraud estimates and analyses conducted by the Visa Payment Fraud Disruption team

Challenges

Consumers enjoy prepaid cards' safety because they are not tied to their banking account. However, this also means that if they become fraud victims, it makes it difficult to uncover the crime. Fraudsters often steal personal information or prepaid card data, pretend to be someone else, and extort money from victims or drain their accounts.

The US Congress had created four new unemployment insurance programs to support workers during the Covid-19 pandemic. Unfortunately, the Government Accountability Office (GOA) estimates that the total fraud in these programs alone added up to over \$60 billion.² The system is increasingly marred by fraudsters who illegally claim benefits by exploiting its vulnerabilities. The issue became severe enough to reach media attention. The issuers involved in these cases suffered financial losses and fines as well as long-term negative impacts to their brand.

While many issuers have their own fraud management capabilities, they only have visibility to what happens within their own ecosystems. Malicious actors are often making intricate fraudulent transfers between different issuers, making it difficult for one issuer to track them down. Federal regulators fined one of the largest issuers in the US more than \$200 million due to a faulty fraud detection program that froze their customers' accounts.³

Solution

Visa has the unique advantage of being able to aggregate data across a network of issuers and can generate holistic pictures of potential fraud at the prepaid account-level. APFD detects prepaid fraud by identifying fraud indicators from the information used to register for prepaid primary account numbers (PAN), as well as intelligence derived from research and transaction analysis. If any PANs are suspected of fraud, APFD conducts an analysis and captures all related prepaid accounts. Then it identifies any additional connections to the initial suspect account to develop the entire prepaid fraud picture which is reported to the impacted issuer daily.

Results

Between March and August of 2023, Visa APFD has successfully averted an estimated \$10.6 million in prepaid fraud.

Threat Actor Attribution and Disruption

- APFD identified and disrupted a large fraud ring responsible for more than US\$50M in prepaid fraud losses, and further, identified prepaid accounts involved in a US\$5M attack.

Fraud and Intelligence Alerting

- APFD enables Visa to provide ecosystem-level security through the development of intelligence at the account level. As a result, Visa PFD distributes ecosystem-wide alerts on the identified fraud schemes targeting prepaid accounts and those utilizing account-level data.

Identification of New and Emerging Threats

- APFD has a robust intelligence operation to identify novel criminal methodologies for committing identity-related fraud and develops best practice recommendations to help Visa clients mitigate and prevent identity-related fraud.



Visa's Automated Payment Fraud Disruption capability has been a valuable fraud awareness tool for us. It provides a comprehensive picture of potential fraud, allowing us to protect our customers and our institution. We've mitigated numerous fraudulent accounts and have seen this to be a valuable asset for our investigations.

Scott Elkins

VP Financial Intelligence Unit, Pathward



The Automated Payment Fraud Disruption capability has helped make our prepaid fraud detection and mitigation capabilities even stronger. APFD delivers alerts and information to us that are critical to our processes for identifying potential fraud and have been invaluable in helping us secure our prepaid channel.

Andrew Fong

Director, Fraud Strategy at Green Dot



Learn more

Contact your Account Representative for more information.

² [U.S. Government Accountability Office, Feb 8, 2023](#)

³ [Consumer Financial Protection Bureau, July 14, 2022](#)