



EUROPEAN CENTRAL BANK

EUROSYSTEM

Summary of collected inputs from MAG members

Fraud detection and
prevention



3 July 2023

Digital euro project team

1. Does MAG share the view from the functional analysis, with a role for a central fraud support service (CSS)?

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

Particularly, MAG members:

- Expressed **large support for Option 3**. Need to perform monitoring and risk scoring of transactions in real-time.
- See **benefit in the provision of threat intelligence and situation awareness** for PSPs and being able to share information on new fraud types (Option 2).
- Noted 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.

2. What is MAG 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?

3. Would MAG have any suggestions to complement the fraud prevention approach?

In particular, some MAG members noted :

- Potential synergies with existing market fraud services
- PSPs have own effective fraud detection and prevention system
- PSPs should be able to apply own risk assessment and risk mitigation
- Overall fraud-related costs borne by PSPs should be factored into the digital euro's "business model"
- E-commerce, person-to-person, and cross-border payments are usually more prone to fraud.
- Fraud-related rules and processes at scheme level would need to be defined.
- Cooperation with law enforcement authorities and other payment schemes could be useful

Thank you!