

# THE NEXT FRONTIER OF PAYMENTS SECURITY IN 2023

**Meta Description:** Ease of transaction, in equal measures, has amplified the quantum of online transactions, as it has hyperbolized the security issues related to it.

The blaze of the FinTech industry into the financial sector, especially in the post-COVID era, has metamorphosed how people handle their finances. The banking landscape is transforming, primarily because of the fintech revolution. While it has already dualized, the industry is [projected to generate \\$174 billion in 2023 and grow to \\$188 billion by 2024](#). However, the loom should be closely stewarded as the utmost expediency of the FinTech revolution is also its primary impediment. On average, [frauds cost a U.S. FinTech approx. \\$51 million every year](#).

## FRAUDS MAY OUTPACE THE BENEFITS

Cybersecurity issues and frauds are also pioneering with the burgeoning indulgence of technology in the financial sector. [FinTechs are the preeminent target, disporting a 0.30% fraud rate](#), two times the subterfuge over credit card transactions (0.15%-0.20%), and triple that over debit cards (0.10%). The writ large victims of such frauds are the elderly, [people over 60 constituting 40% of the ravine](#). However, the quantum of the younger quarry has soured with a spiral of fake and intrusive apps.

## HOW TO REIGN OVER FRAUDS?

Though the threat to the safety of the FinTech industry is massive, with nifty strategies and a proactive approach, the impingement of the same can be mitigated or even wholly eluded. The [estimated investment in cyber security will be \\$9.8bn by 2024](#). Some of the inimitable cybersecurity solutions are:

**Multi-Factor Authentication and Biometrics:** Multi-factor authentication abutted on biometrics or other personal attributes can provide astronomical protection. More personalized options like fingerprints, facial recognition, and voice recognition postulate a wall of defense that is nearly impregnable. With [more than 83% on board to hedge their bets for a moored experience](#), Multi-factor authentication and biometrics is one of the finest security solutions.

**Strict Customer Onboarding Process:** Facile and fleet are ofttest synonymous with financial transactions vide FinTech. However, that should not be the case while onboarding customers, as running at least the most rudimentary perusals is pivotal. A lousy onboarding process often costs FinTech loyal customers rather than retaining them as approx. [71% of users would not prefer a FinTech impacted by onboarding fraud](#).

**Ensure AML/KYC Compliances:** Anti Money Laundering (AML) and Know-your-customer (KYC) are a sterling stratagem for fireproofing fraud in the FinTech landscape. The compliances can be unwieldy but crusades to ensure their application is climacteric. They are owned to [uncover scams related to payment \(59.6%\), data security \(54.6%\), and even more extended period of completion \(49.8%\)](#).

However, while devising a stalwart AML and KYC edifice, consider the various steps involved at numerous stages, as the endeavors do not end at onboarding. Organizations should also discern the preponderance of follow-ups and constant monitoring, as periodic customer audits can disseminate current or potential perils. And the same should be followed by strict procedures for status changes. Predefined, robust and rigid punctilio for making any alternations to the customer accounts can help shun multitudinal cyber security issues.

**Tokenization:** With a sudden upsurge in First party frauds and ID Theft, Tokenization can act as a palisade of protection. Even the global leader of the ascending maneuver of FinTech and UPI, [India, alone has 27.7 million buffetings, with a global total of 55 million ID thefts in](#)

[2021](#). With avant-garde-like tokenization, which supersedes non-sensitive data with sensitive data, payment security can be attained by confusing the fraudsters.

**Blockchain:** Originally used to create the first cryptocurrency, Bitcoin, blockchain technology has greatly revolutionized the cashless financial landscape by facilitating and securing digital money transactions. As a data management system, blockchain creates an immutable ledger of all transactions, improving payment security. [Financial companies have spent over \\$552 million on blockchains globally](#) to ensure top-notch cyber security.

## CONCLUSION

The first wall of defense against cyber crimes and fraud is knowledge. As per the industry experts, the culminating scams of the financial landscape will include First-Party Frauds, ID Thefts, Financial Account Takeovers, Imposter Scams, etc. Therefore, with the upswing in cashless transactions and growing dependency on FinTechs for financial transactions, it is inexorable to agnize the import of confederation of security with ease.