



Fraud threats and trends to watch in the U.S.

The increasing popularity of digital commerce has helped shift U.S. fraud towards Card Not Present (CNP) transactions.¹



Card Present fraud is decreasing, partially due to chip-enabled transactions¹



80% decrease

in counterfeit fraud amount at U.S. chip-enabled merchants (Q4'18 vs. Q3'15)¹

At the same time, Card Not Present (CNP) transactions continue to grow



4x increase

CNP transactions are growing four times faster than Face-to-Face transactions.²

While CNP sales are growing, CNP fraud is increasing at an even higher rate

CNP share of Q4 2018 sales³

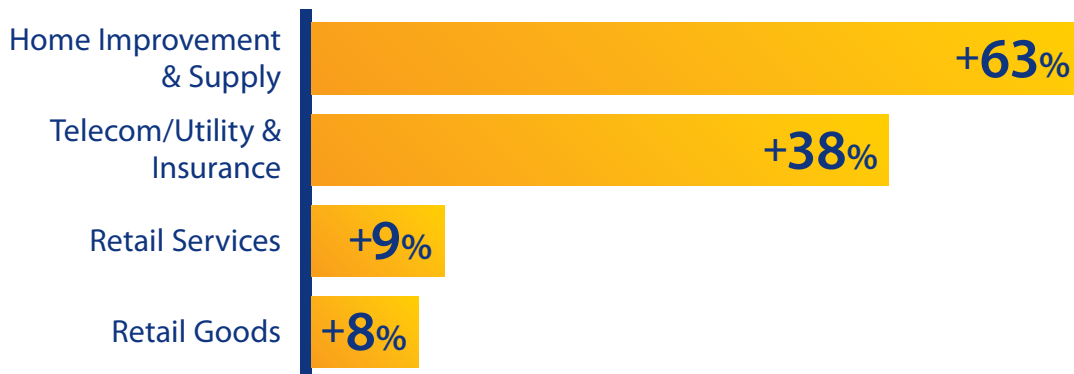
53%

VS

CNP share of Q4 2018 fraud³

79%

U.S.-issued CNP fraud grew in four key categories, driven primarily by eCommerce⁴



First party fraud is a genuine transaction claimed as fraud by the customer who undertook it.

Merchants typically refer to it as friendly fraud, family fraud or buyer remorse.

 **3.1 million**
cardholders did not
recognize transactions⁵

 **26%**
of fraud volume is
considered friendly fraud⁵

False declines are growing faster than fraud, which is growing faster than sales²

First party fraud has increased as a result of digital buying behavior:



Consumer purchases goods



Consumer calls Issuer
(who will know little about the underlying transaction)



Issuer has chargeback right to recover



Merchant writes off chargeback
(consumer gets refund AND goods)

As a payment leader continuing to move beyond cards, Visa is committed to helping you proactively engage cardholders with an increased focus on Risk Marketing.



Drive Awareness



Educate



Drive Demand



Sales Engagement

To learn more about our Risk Marketing Plan, [contact an Account Executive](#) and someone will reach out to you.

¹ U.S. card figures per VisaNet data and operating certificates provided to Visa by client financial institutions as of end March 2018; US chip merchant location data based on VisaNet data as of end March 2018. Transaction number and volume based on VisaNet data for U.S. locations with chip transactions as of end March 2018.

² Visa Regional Seminar 2018 – North America Fraud Trends

³ Fraud (TC40) and Sales (Settlement). Visa branded cards on Visa Networks. Including Interlink, but excluding cash. All products

⁴ Q4'18 eCommerce data for US issued transactions. YoY growth is based on Q4'18 vs. Q1'17.

⁵ VisaNet clearing and settlement data for full year 2017. Notes: Proportion of eCommerce fraud volume based on YEQ3'17.