Improve Fraud Detection and Prevention to Retain Younger Customers

While card fraud feels incredibly jarring and personal when it happens, it’s actually extremely widespread. With 389,845 cases reported in 2021 in the U.S., it’s the second most common form of identity theft, after government documents or benefits fraud according to the Federal Trade Commission. But among adults aged 20-39, it was the most common form of identity theft.

We already know card fraud is pervasive, but consumers are starting to take notice. A new Brightwell survey of 1,000 consumers across the U.S. shows that fraud prevention has become a priority for those considering a new debit, credit, or prepaid card. When they experience fraud, those same consumers are ready to take action. Read “Consumers Ready to Take Action”.

But perception of and response to card fraud varies by age group. Younger generations are becoming more aware of card fraud and may begin to hold card issuers, banks, and digital wallet providers accountable.

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As fraud takes center stage as part of the customer experience for a younger generation of card holders, card providers, banks, and digital wallet providers will need to take steps to improve fraud detection and prevention to attract and retain their Millennial and Gen Z customers.

Perception and Experience of Card Fraud Differs By Generation

Brightwell’s survey of 1,000 U.S. consumers confirmed that generational perceptions and experiences are as unique as the generations themselves. One finding? Younger generations
are more likely to report experiencing card fraud in the past 12 months.

Consider that a similar percentage of respondents from Gen Z (36%), Millennials (38%), and Gen X (33%) report having experienced card fraud in the past year. However, fewer Baby Boomers (22%) reported card fraud, a possible indication that younger generations are more aware of — and sensitive to — card fraud. Anecdotal evidence suggests that Boomers likely experience fraud at similar rates, though they are perhaps less aware of — or less reactive to — it. It’s, therefore, unsurprising that Boomers rated all types of cards more secure than their Millennial counterparts.

The different generations generally rated credit cards as the most secure, with 46% of Boomers and 36% of Millennials saying they are extremely secure. Millennials and Boomers viewed debit cards and prepaid cards similarly, with 28% of Millennials saying debit cards are extremely secure compared to 36% of Boomers, and 26% of Millennials rating prepaid cards as extremely secure compared to 35% of Boomers. Younger consumers in the Gen Z and Millennial generations are more likely to blame card issuers, banks, and digital wallets for card fraud, while older generations are more likely to blame retailers.

When it comes to placing blame for card fraud, it’s no surprise that who’s to blame depends on the generation. On one end of the spectrum, most Millennials (62%) say card issuers are highly at fault for card fraud. Conversely, nearly half of Boomers (49%) say retailers are highly at fault. 41% of Gen Z respondents say digital wallets are highly at fault for card fraud, while 46% of Gen Z and 42% of Millennial respondents ranked banks as highly at fault for card fraud.
Action Against Card Fraud Appeals to Younger Consumers

With blind acceptance of card fraud no longer an option, businesses need to take steps to prevent it before it tanks their credibility and ruins their relationships with younger customers - and their networks.

Younger generations are aware of fraud and place blame on card issuers, banks, and digital wallet providers. Therefore, businesses that are vocal about fraud protection and take real steps to protect against it will have an advantage in attracting younger customers. Yet, many businesses have yet to invest in new technologies and practices to detect and prevent card fraud, choosing instead to absorb the costs of fraud along with potential fines and legal fees.

New technology, such as Brightwell’s fully PCI-certified Arden, can help card issuers, banks, and digital wallets fight fraudulent behavior, card enumeration and card testing attacks for prepaid cards, gift cards, debit cards, and credit cards faster and more effectively, reducing losses from enumeration and bin fraud by as much as 95%.

By easily integrating with processors, Arden gathers real-time transaction data that empowers teams to stop fraudulent attacks early and protect the most at-risk cardholders. Its unique merchant-level view uses a rules engine to provide personalized and unparalleled insight into the entirety of a card program. It applies standard rules, learnings, and insights gained from a client data consortium to deliver objective insights and actionable recommendations, helping organizations identify fraudulent transactions and immediately act while allowing known, trusted merchants to avoid being targeted as fraudulent in error. Brightwell’s full transaction monitoring team is also available to customize support for individual business needs.
Accompanied by Brightwell’s KYC and OFAC verification technology for an added layer of authentication and protection, and built with the latest card and payments regulations in mind, Brightwell’s CaaS gives businesses and their customers peace of mind.

No one, regardless of age, wants to see their hard-earned income siphoned away by fraudsters. It’s time businesses, payments processors, and card providers alike rethink their laissez faire approach to card fraud and take action to win and maintain the confidence of younger generations like Millennials and Gen Z.

Learn more about Brightwell’s security and compliance offerings

Reach out today to learn more about what Brightwell can do for your company.