



The Crypto Fraud Landscape

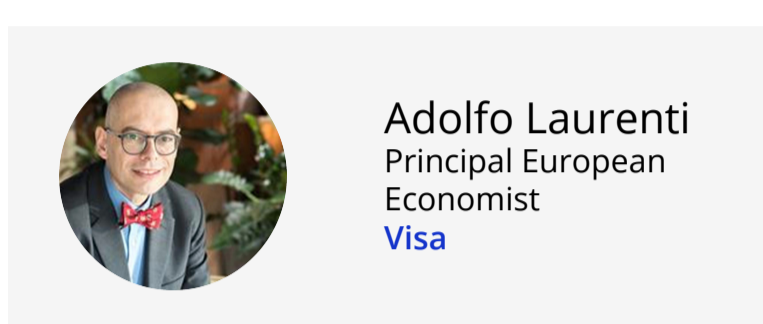
Welcome to the second edition of this quarter's Insights Newsletter series, where we will be exploring crypto fraud across Europe and what it means for issuers like you.

As we enter 2023, the economy remains uncertain. Amidst the cost-of-living crisis and looming recession, cardholders are being extra careful with their money, highlighted by the shift in spending from credit to debit. In the financial markets, this is contributing to a risk-averse mindset, as evidenced by the decline in crypto. 2022 proved a turbulent year, with total market capitalisation globally decreasing from c. \$2.2 trillion in January to less than \$1 trillion in November.¹ Despite this, we believe crypto will have a lasting impact on the future of financial services and money movement.

in tracking a customer's true identity when multiple crypto wallets are involved.

Here at Visa, we're committed to understanding the risks involved in the crypto ecosystem and supporting our partners to overcome them. Today's edition will focus on the common techniques that fraudsters are using as well as our risk tools that can help mitigate crypto fraud.

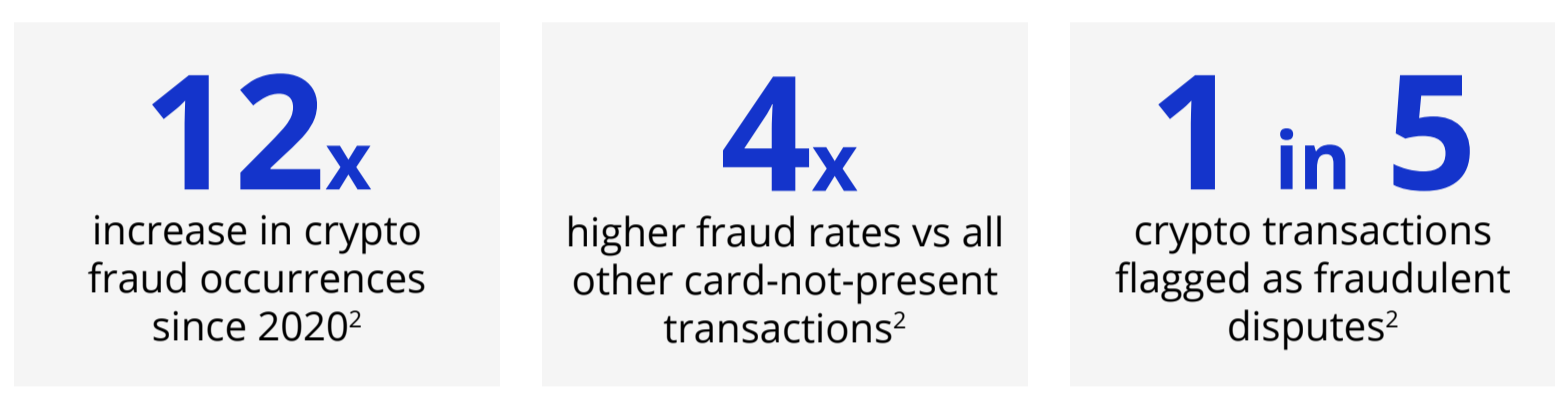
Sincerely,



As consumer and commercial acceptance of crypto has grown, so too has fraudster interest. They're attracted to how fast and easily funds can be moved, as well as the difficulty

Exploring Crypto Fraud In More Detail

Within the digital world, fraudsters are evolving, identifying new opportunities to perpetrate fraud. This is more prevalent in crypto:



Why Crypto?

The world of crypto has grown significantly in recent years, creating new opportunities for fraudsters.

Consumers now need to be extra careful. Fraudsters have become attracted to crypto for several key reasons:

<p>Ease of the transaction process</p> <p>Transacting within crypto exchanges is easy in comparison to other monetisation methods such as ATMs</p>	<p>Speed of money movement</p> <p>Funds can be moved between your account and across the blockchain seamlessly</p>	<p>Lack of transparency</p> <p>The ability to create multiple wallet addresses makes it difficult to track the consumer's true identity</p>
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How Fraudsters Are Taking Advantage

In 2022, fraudsters targeted crypto bridge services on three occasions. Taking advantage of vulnerabilities in these cross-chain platforms, they were able to net over \$400m.³

In parallel, crypto-focused phishing and malware that compromise victims' data and funds have also become growing areas of concern.

Phishing

- Fraudsters are impersonating popular brands and banks through email and phone-based phishing, while also using account takeover scams such as SIM swaps
- Highlighted by the fact that in the first half of 2022, on two distinct occasions, phishing attacks were leveraged to breach targeted users' cryptocurrency wallets and steal their funds³

Malware

- Threat actors continue to develop new software that targets crypto browser extension wallets
- In February, Mars Stealer was deployed, targeting over 40 types of cryptocurrency digital wallets that work as browser extensions³

How We Can Help You Win The Fight Against Fraud

Visa is continuously developing innovative methods to disrupt and stay ahead of fraudsters while maintaining trust in our payment services.

Our tools and solutions aim to tackle fraud from all angles, providing a comprehensive defence 24/7, 365 days a year.

Visa Advanced Authorization (VAA)

Using our artificial intelligence, VAA evaluates authorization request data and assigns a risk score to help predict the likelihood of fraud

With VAA, you can make informed decisions by monitoring and evaluating transaction authorizations in near real-time

Visa Risk Manager (VRM)

VRM makes use of VAA's real-time insights, as well as over **70+ other transaction elements**, to provide you with greater knowledge and control over your risk tolerance

Through our user-friendly, web-based platform, you can leverage our **specific crypto indicator** and create new fraud rules in minutes

With Visa Managed Authentication Risk Services (VMARS), we can also provide you with a dedicated Visa risk expert to help optimise your fraud prevention strategy*

1. The Block Research : Digital Asset Outlook,
2. VisaNet Data, 2022
3. Visa Biannual Threats Report, June 2022

*Please note, VMARS pricing is not included within VRM and will be agreed separately