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**Headline: Multi-currency e-wallets can do more in fraud prevention and customer support, experts say**

### **Multi-currency e-wallets can do more in fraud prevention and customer support, experts say**

A user of multi-currency e-wallet YouTrip recently discovered 31 unauthorised transactions charged to her card.



Multi-currency e-wallets have grown in popularity by touting convenience and cost savings, but they can also do more to address concerns about fraud prevention and resolution, experts said.

As its name suggests, a multi-currency e-wallet allows users to convert and hold different currencies on a mobile app.

In the post-pandemic travel boom, the likes of YouTrip, Revolut and Wise have seen more users, mainly due to their competitive exchange rates compared with traditional banks or moneychangers. They are also cheaper to use than credit cards, with lower or zero fees for overseas transactions.

These e-wallets received a boost late last year when the Monetary Authority of Singapore (MAS) revised its caps on e-wallets.

Under the revised rules that took effect on Dec 15, users can hold up to S\$20,000 (US\$14,700) in their e-wallets, up from S\$5,000. The annual spending limit also went up from S\$30,000 to S\$100,000.

YouTrip was the first travel wallet to raise its user limits in line with the regulatory changes. It also put in place new security measures, such as a “kill switch” for customers to freeze their account, as part of meeting the authorities’ expectations on mitigating scam risks.

Other players have said they will follow suit.

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But experts told CNA that while the multi-currency e-wallets have their own security systems and policies for customer support in the event of fraud, they may still be less secure and efficient than conventional financial institutions which are subject to stricter regulations.

Singapore Management University's (SMU) Assistant Professor of Finance Aurobindo Ghosh said banks typically have sizable teams monitoring user data and patterns to detect fraudulent transactions in real time. Such capabilities are also being enhanced by technology like artificial intelligence.

But these are "costly", and banks will have to pass on some costs as fees to its card holders in order to keep providing extensive security and other features, he said.

On the other hand, multi-currency cards primarily "act more like digital wallets and debit facilities". They also face less regulatory oversight and usually operate with leaner manpower to remain cost-efficient, experts said.

"So, whenever we are choosing a multi-currency digital wallet, we forego some of the enhanced security features for lower cost," said Asst Prof Ghosh.

Mr Lim Minhan, head of consulting at Ensign InfoSecurity, said regulations on security measures do "not guarantee complete security".

For example, a security system may still fail to pick up suspicious transactions when users are tricked into authorising payments or when fraudsters exploit a gap in the current detection system.

On the latter, Mr Lim explained: "Security systems are designed to identify suspicious activity based on pre-defined parameters.

"While the system may flag very large or unusual transactions, smaller, quicker transfers may fall under the radar if they fall within a certain range."

With fraudsters constantly developing new tactics, security systems of digital wallets have "to be regularly updated to stay ahead of these evolving threats", he added.

#### YOUTRIP USER SHOCKED BY 31 UNAUTHORISED TRANSACTIONS

One Youtrip user Shu Cheng told CNA that she was shocked to find 31 unauthorised transactions made in Dublin that were charged to her card last month.

The string of unauthorised transactions – ranging from €49.99 to €99.99 (US\$53 to US\$107) – occurred on Mar 15 within 10 minutes, with the fraudsters making off with nearly €3,000.

Ms Cheng, who was in Singapore when the transactions occurred, did not have euros in her e-wallet. Instead, the payments were drawn from a stash of Japanese yen worth about S\$5,000 (US\$3,700) that she had been saving for an upcoming holiday.





















She only found out about the unauthorised transactions from an email sent by YouTrip on Mar 16.

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“I was so shocked when I saw the email,” the 36-year-old said. “The transactions look unauthorised to anyone, so I don’t know why YouTrip didn’t stop them.”

 <b>Riot* LR4NG4N7FL3X, Dublin</b> Ref. No: SFT-400040920	<b>EUR 49.99</b> 7:39 PM
 <b>Riot* LR4N1CVRLDUG, Dublin</b> Ref. No: SFT-400040928	<b>EUR 49.99</b> 7:39 PM
 <b>Riot* LR4BC9P5KHQ5, Dublin</b> Ref. No: SFT-400040930	<b>EUR 99.99</b> 7:40 PM
 <b>Riot* LR4G53H3J61C, Dublin</b> Ref. No: SFT-400040933	<b>EUR 99.99</b> 7:40 PM
 <b>Riot* LR410A9Y2WHH, Dublin</b> Ref. No: SFT-400040937	<b>EUR 99.99</b> 7:40 PM
 <b>Riot* LR42DP6651PE, Dublin</b> Ref. No: SFT-400040943	<b>EUR 99.99</b> 7:41 PM
 <b>Riot* LR4S4MG2HPAT, Dublin</b> Ref. No: SFT-400040947	<b>EUR 99.99</b> 7:41 PM
 <b>Riot* LR492PBJGX6Q, Dublin</b> Ref. No: SFT-400042468	<b>EUR 99.99</b> 7:41 PM
 <b>Riot* LR4X0219YG5P, Dublin</b> Ref. No: SFT-400042478	<b>EUR 99.99</b> 7:41 PM
 <b>Riot* LR46ZEGG87RG, Dublin</b> Ref. No: SFT-400042481	<b>EUR 99.99</b> 7:42 PM
 <b>Riot* LR4PEZV8MKWP, Dublin</b> Ref. No: SFT-400042483	<b>EUR 99.99</b> 7:42 PM
 <b>Riot* LR40AJJD0Y78, Dublin</b> Ref. No: SFT-400042488	<b>EUR 99.99</b> 7:42 PM
 <b>Riot* LR4XZ0WFBFQF, Dublin</b> Ref. No: SFT-400042495	<b>EUR 99.99</b> 7:42 PM
 <b>Riot* LR4L0P2BCEU3, Dublin</b> Ref. No: SFT-400042497	<b>EUR 99.99</b> 7:43 PM
 <b>Riot* LR423U5QJDK5, Dublin</b> Ref. No: SFT-400042506	<b>EUR 99.99</b> 7:43 PM
 <b>Riot* LR4GUU19LD3X, Dublin</b> Ref. No: SFT-400042512	<b>EUR 99.99</b> 7:43 PM
 <b>Riot* LR4EEKAQWNX5, Dublin</b> Ref. No: SFT-400042517	<b>EUR 99.99</b> 7:43 PM
 <b>Riot* LR4AFW3BK96J, Dublin</b> Ref. No: SFT-400042520	<b>EUR 99.99</b> 7:44 PM
 <b>Riot* LR4AL14PQB6L, Dublin</b> Ref. No: SFT-400042527	<b>EUR 99.99</b> 7:44 PM
 <b>Riot* LR472BEJFAT2, Dublin</b> Ref. No: SFT-400042532	<b>EUR 99.99</b> 7:44 PM

In response to queries, YouTrip’s chief operating officer Kelvin Lam said the user may have transacted with a merchant exposed to a data security breach. This is a “common fraud

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typology” in which fraudsters target merchants that are vulnerable to security attacks and create fraudulent transactions through them.

YouTrip's security measures, which include a fraud monitoring system and real-time notifications for users, are in line with regulatory standards, he added.

“We have strong security measures in place and are constantly fortifying our system to protect users with the standards expected of us as a financial institution regulated by MAS (Monetary Authority of Singapore),” said Mr Lam.

Ms Cheng, the YouTrip user, also expressed disappointment at the company's customer support. She noted a series of hiccups such as having to fill in multiple forms as each form only allowed three unauthorised transactions to be logged.

But what was most frustrating, said Ms Cheng, was being told that a resolution for her case could take nine to 12 weeks.

“I still have some money left in YouTrip. They didn't say that I couldn't use the card, but I don't dare to use it anymore. They didn't give me a new card either, so what am I supposed to do?” she told CNA.

With her trip to Japan in May, Ms Cheng was hoping for a quick resolution.

“But each time I ask about the status, I'm told to wait nine to 12 weeks without any other information. It's quite patronising.”

In its replies to Ms Cheng, YouTrip said for disputed transactions, it would have to involve its partner Mastercard “to investigate and claim back the funds via a chargeback dispute”. This can take nine weeks for a “simple” case to 12 weeks for a “complex” one, according to the emails seen by CNA.

YouTrip also said it is “unable to guarantee the recovery of the disputed amount”, with the outcome “entirely dependent on the investigation of the merchant's processing bank as well as the rules and regulations of Mastercard”.

After more than a month, Ms Cheng was told she would be fully refunded for the fraudulent transactions. But the episode has left her wary of using the e-wallet and she has since requested to close her account.

In response, Mr Lam said “nine to 12 weeks is the typical waiting time across the industry”.

According to The Association of Banks in Singapore (ABS), the time taken to resolve a disputed transaction for debit and credit cards ranges from four to 12 weeks, depending on complexity.

During the process of reviewing the dispute, banks will provide customers with a temporary credit or refund “in most instances” and notify customers of changes after investigations are completed, said the ABS on its website.

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But unlike the established banks, e-wallet providers, being new players with less-deep pockets, may not be able to reimburse disputed transactions first, said Professor Sumit Agarwal from the National University of Singapore's business school.

For the same reason, these emerging players may also have limited resources dedicated to customer support, he said, adding that consumers should be aware of these considerations beyond cost savings and convenience.

## USERS NEED TO BE VIGILANT

Experts said the rise of e-wallet providers is "unquestionable" and provides benefits to consumers, but they can enhance their security and fraud resolution for customers in a few ways.

For example, by tapping advanced analytics and machine learning to flag suspicious transactions in real time and integrating fraud reporting mechanisms directly within their apps to make it easier and faster for users, suggested Mr Lim from Ensign InfoSecurity.

SMU's Asst Prof Ghosh noted that there may be a need for further regulatory requirements on customer protection, so that e-wallets do "not rely solely on third-party payment service providers like Mastercard or Visa" for fraud resolution.

"This might make a little more level-playing field between multi-currency apps promising convenience and traditional banks issuing cards promising security," he said.

That said, experts stressed that consumers also have to do their part by being vigilant, especially amid greater reliance on digital services.

"The popularity of multicurrency apps and cards like YouTrip and Revolut is unquestionable ... However, with convenience, there is a cost to be paid like a potentially misplaced sense of full security," said Asst Prof Ghosh, noting that "all digital transactions run the risk of being fraudulent" given increasingly sophisticated scams.

Echoing that, Mr Lim said it is "important to remember that no security system is foolproof".

"Users need to stay vigilant and be cautious when using such payment (and) wallet facilities."

Source: CNA/sk