

FPC Fall Member Meeting 2025



Practical Path to Innovation for the Pay by Bank Revolution

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Pay by Bank has many opportunities to meet customer expectations

What is Pay by Bank (PBB)?

PBB transactions are non-card commerce payments that use retail bank accounts for purchase of goods and services

What are the current gaps in Pay by Bank rules?

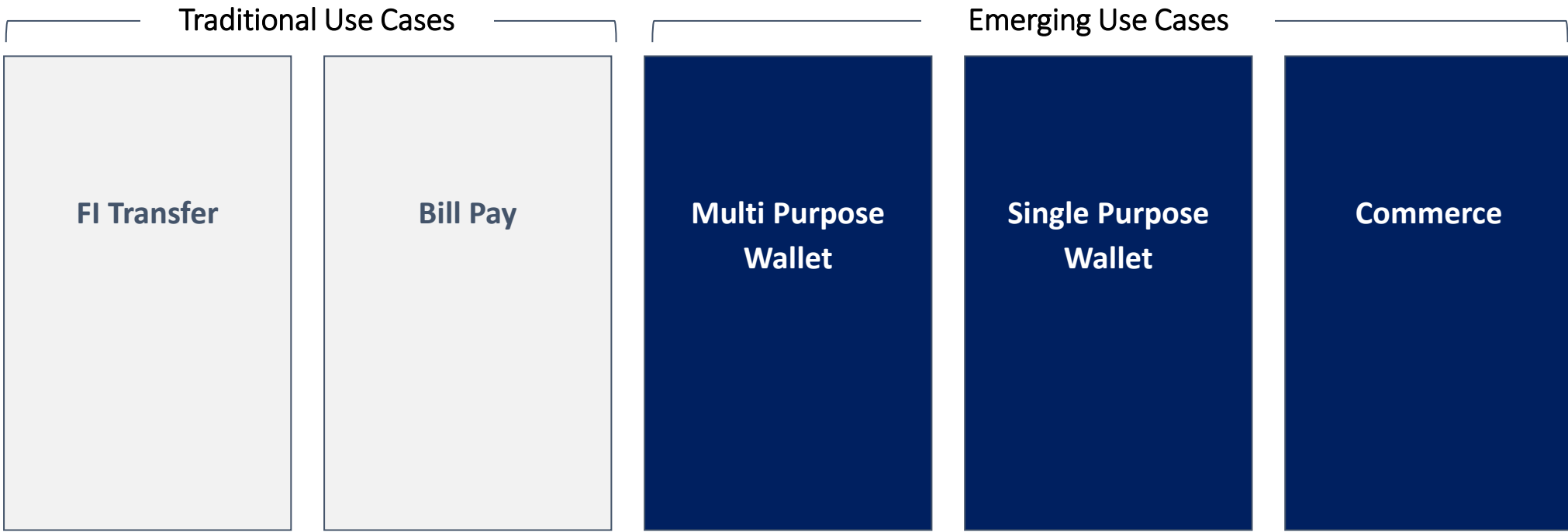
1	Existing payment rails were designed for transfers and bill pay and not intended for emerging use cases such as wallets and commerce
2	Disputes and purchase protection experiences do not meet customer expectations
3	Fraud and risk management tools and requirements are not comprehensive enough to address emerging risks
4	Networks do not have standardized, enriched data to limit fraud
5	New rails must develop capabilities, standards, and enforcement mechanisms to address the emerging use cases

Opportunity

Align on new rules to improve risk management, increase operational efficiency and enhance the customer experience.

Use cases are evolving as Pay by Bank grows

New open banking technology has led to the expansion of use cases in Pay by Bank

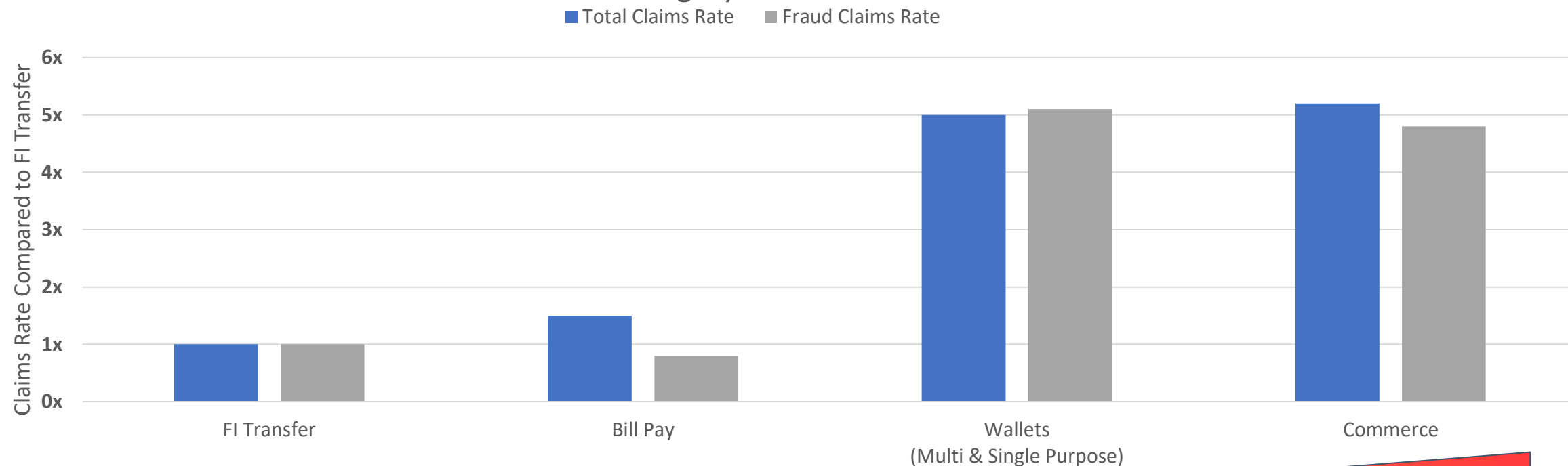


ACH Transaction Tagging Enables Critical Risk Insights

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- Single & Multi-purpose wallets have **~5x the rate of claims and fraud** of FI Transfer transactions
- Commerce has **~5x the rate of claims and fraud** as FI Transfer and Bill Pay

Transaction Category Total Claims Rate vs FI Transfer¹



Chase customer feedback illustrates risks to consumers as Pay by Bank becomes adopted

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Customer Quote

"I didn't even realize my account was linked", "it [the payments] goes way back"¹

"Did you block the merchant from my account" "are you kidding me? You're going to let this merchant keep pulling from my account"²

There are practical rule proposals to improve Pay by Bank across the payment lifecycle

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Foundational Elements

- How can **standardized and shared network level data** address gaps?
- What role does **sustainable economics** play?
- What capabilities can address new **fraud and scam threats**?

Participation Risk Management Pre-Transaction

- How can merchants prepare for the **increased risk, fraud and customer disputes** in pay by bank commerce use cases?
- What capabilities can **reduce first party fraud** in PBB?

During Transaction

- What are payment authorization **best practices**?
- What **real-time fraud detection tools** can be implemented?

Post-Transaction and Servicing

- How can a **clear liability framework** protect all parties involved?
- What tools and processes can ensure transparent and **efficient claims resolution**?
- What measures can be taken to **strengthen monitoring and enforcement for excessive claims**?

Questions?



THANK YOU

