

Mobile payment security for a globetrotting generation

 By [Ajay Bhalla](#)

9 Nov 2016

Thanks to advances in technology, the travel experience - compared to only a few years ago - is faster, simpler and more convenient. We book airline tickets, hotel stays, and call an Uber quickly and easily with a simple click on websites or in apps, paying with credit or debit cards. And, once on the road, we use our mobiles to check-in, access boarding passes, and receive updates on any changes to our plans.



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Indeed, thanks to improved network coverage, more affordable data roaming options, and the proliferation of free Wi-Fi, travelers are increasingly tapping into the power of their smartphones wherever they are in the world. In fact, research indicates that 80% of travelers now use their smartphone while overseas [1].

With more connected devices, travelers are becoming an increasingly attractive target for cybercriminals, raising the chances of them being affected by fraud. This heightened risk, paired with research finding 77% of cardholders extremely concerned with false declines when traveling [2], demonstrates the need of having systems in place that can enable secure payments and ensure a safe travel experience. The key to the success of these systems lie in our phones.

This means that mobile phones can unlock unexpected benefits for digital payments. One benefit is the digital wallet, which simplifies the digital payment landscape both domestically and internationally. Digital wallets are a one-stop payment source, which enables consumers to shop whether online, in app and now in-store with contactless in multiple countries. Behind the scenes, smartphones can now also use location information to verify user identity to ensure a smoother travel experience.

For example, few things can be as irritating as stepping off a plane in a foreign country and having a card payment declined because you forgot to notify the bank of your travel plans. While the bank is attempting to manage fraud, a blocked transaction at a critical moment and in an unfamiliar place is not just an inconvenience, it can feel like a lifeline being cut. However, [new technology](#) allows mobile phones to verify your location, reducing the chances of your card being falsely declined.

The advantages are not confined to the consumer. These and other technologies are helping banks and retailers avoid lost business and dented consumer confidence.

Studies indicate that one in four cardholders never use a card again if it is falsely declined, while one in four use it less [3]. To put the current situation into perspective, in the US, the value of false declines per year recently hit \$118bn – more than 13 times the total amount lost annually to actual card fraud (\$9bn), research from Javelin shows [4].

So, it's crucial that security measures are wielded accurately so that payments are not only safer but smarter, too. This also means that using multiple layers of security is paramount.

Further solutions enable banks, retailers and travelers to exchange vital purchasing information which is used to evaluate the risk of a current transaction. By considering [transaction risk levels and consumer behavior patterns](#), the chances of a card being falsely declined is reduced regardless of location.

Together with location alerts from mobile phones, these tools provide card issuers with greater insight and control, to ensure the right decision are made and improve the travel experience.

Meanwhile, mobile technologies are also helping consumers take greater oversight of their spending while abroad. Smartphones can deliver real-time alerts so travelers can set spending limits and turn on and off credit or debit at certain merchants or within certain geographies.

It's clear that we are now only just scratching the surface of the possibilities the smartphones can unlock for a generation on the move. And as we continue to see advances in geolocation technologies and biometrics, digital transactions will continue to become safer, simpler and more convenient wherever we are, every time we make a payment.

Sources:

[1] Verizon, 'How Americans are using their phones abroad': May 2016.

[2] Mastercard Location Alerts Report, 2016.

[3] Javelin Advisory Services, Future Proofing Card Authorization: August 2015.

[4] Javelin Advisory Services, Future Proofing Card Authorization: August 2015.

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