

PSD3 & PSR - Redefining Fraud Accountability in EU Digital Payments



What are PSD3 and PSR?

PSD3 and the Payment Services Regulation (PSR) represent a fundamental reset of the EU payments framework designed to close gaps left by PSD2 and put fraud prevention, consistency and accountability at the center of payments.

The shift:

From fragmented compliance and reactive controls to standardized, real-time fraud prevention and clear liability across the ecosystem.



PSD3:

Modernizes licensing, supervision and governance for payment providers



PSR:

Establishes direct, enforceable rules across the EU for payment execution, fraud controls and open banking

What is changing?

Over the next 24-36 months, PSD3 and PSR will move the market from fragmented, reactive fraud management to a unified, real-time and accountability-driven model, raising the bar for how institutions detect, prevent and take responsibility for fraud.

- ✓ **Fragmentation eliminated:**
PSR introduces a single, EU-wide rulebook for fraud and payment conduct
- ✓ **Fraud moves to the forefront:**
Regulation explicitly targets rising fraud risk and declining consumer trust
- ✓ **Liability shifts to providers:**
PSPs now carry greater responsibility for preventing and reimbursing fraud, particularly impersonation scams (a leading form of APP fraud)

Key fraud-driven changes:

- ✓ **Stronger APP fraud protection:**
Increased reimbursement requirements and a higher bar to deny fraud claims.
- ✓ **Real-time fraud controls required:**
Fraud protection must operate within instant payment windows.
- ✓ **Verification of Payee (VoP) expands:**
Mandatory IBAN + name checks across all payment types and currencies.
- ✓ **Greater accountability across the ecosystem:**
Responsibility extends beyond the transaction to customer experience, warnings and intervention.

Turning Regulatory Pressure into a Competitive Advantage

PSD3 and PSR fundamentally shift the burden of fraud prevention, requiring institutions to move from reactive controls to real-time, intelligence-led decisioning that helps stop fraud before it happens.



Fraud prevention becomes a frontline control

Institutions should detect and stop fraud before authorization



Real-time decisioning at scale

Instant payments compress decision windows to milliseconds, requiring automated, high-confidence risk assessment



Liability exposure increases

Expanded reimbursement obligations can make missed fraud attempts more costly than blocked transactions



Layered intelligence is now essential

Single-point solutions fall short - organizations require a layered approach that combines transaction data, device and behavioral intelligence for more comprehensive risk visibility

How LexisNexis® Risk Solutions can help:

Backed by one of the world's largest cross-industry intelligence networks, we deliver proven risk intelligence that can be rapidly deployed to help you stay ahead of evolving threats and confidently meet PSD3 and PSR requirements.



Make Real-Time Fraud Decisions with Confidence

- ✓ API-based decision-making in milliseconds
- ✓ Risk scoring at payment initiation before funds are sent
- ✓ No manual dependencies or delays



Strengthen Payee and Transaction Intelligence

- ✓ Extend VoP into risk-based decisioning
- ✓ Validate identity and account ownership with added fraud context
- ✓ Clearly classify payees as trusted, suspicious, or high risk



Leverage Network Intelligence to Stay Ahead of Evolving Fraud

- ✓ Strengthen detection with insights from some of the world's leading organizations, sharing intelligence across 200+ countries and territories and 142B+ annual transactions
- ✓ Identify known mule accounts and repeat fraud patterns
- ✓ Detect emerging scam risks in real time, based on activity observed across the network



Understand User Intent, Not Just Transaction Signals

- ✓ Uncover robust behavioral intelligence for critical context into the event (e.g., social engineering and unusual user-device interactions)
- ✓ Detect unusual activity, payees and transaction patterns
- ✓ Identify high-risk scenarios earlier in the payment journey



Strengthen Identity at Onboarding and Throughout the Journey

- ✓ Build a trusted baseline to reduce downstream fraud risk
- ✓ Leverage market-leading document authentication and facial biometric verification when high-risk transactions occur
- ✓ Continuously validate identity across the customer lifecycle



Monitor and Intervene Across the Full Payment Flow

- ✓ Inbound and outbound transaction monitoring
- ✓ Risk-based alerts and interventions
- ✓ Enable customer warnings at the right moment, based on risk (e.g., before APP scam funds are sent)



Orchestrate Decisions on a Single Platform

- ✓ Streamline decisioning and reduce manual lift with a single, unified platform
- ✓ Combine identity, device, behavioral and transaction signals through one API
- ✓ Apply risk scoring across the end-to-end payment journey

Prevent fraud earlier, decide faster and scale efficiently without added friction.

Contact us to learn how we can help you prepare for PSD3 and PSR.



About LexisNexis® Risk Solutions

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Our solutions assist organizations with preventing financial crime, achieving regulatory compliance, mitigating business risk, improving operational efficiencies and enhancing profitability.

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