Chapter 15
Contactless Payment Security

Ana Kuzmanovska
Online International Marketing, Serbia

ABSTRACT

The introductory part of the chpater refers to the expansion of digital payments as a consequence of the spread of coronavirus and measures to protect the population. A detailed but not too broad definition of cryptocurrencies also describes the legal background, comparing digital money with traditional monetary obligations and classic money. In the field of use of Bitcoin, the pros and cons are accompanied by standard payment cards – functionality and risks, including potential frauds with payment cards. Through the instant payment solution, the authors come to digitalization, and various forms of abuse in practice – from charity scams and crypto heists to the Russian-Ukrainian war, which seemed to take away the coronavirus and flood the world with the virus of aggression and despair. Although the battle against the virus took place on the ground at the time this work began, and war-torn Ukraine stole the focus, civilians from all parts of the world appear to be the biggest victims of virtual violence.

INTRODUCTION

Digital payments have the potential to expand inclusive access to financial services. The global COVID-19 health crisis and government responses, such as lockdowns restricting economic activities, increased the need for contactless financial products and services, accelerating the shift to digital finance in many economies. Governments used digital payments to reach vulnerable citizens and customers increasingly used phones and cards to pay merchants. Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs: transactions, payments, savings, credit and insurance; delivered in a responsible and sustainable way. Measures also included regulations to support adoption of digital financial services during COVID-19.

In fact, digital payments, including government payments, which have been expanded in many countries as a response to COVID-19, have historically been an important driver of financial inclusion. Globally, 9 percent of adults (or 13 percent of account owners) opened their first account specifically to receive private sector wages, government payments, or payments for the sale of agricultural products

DOI: 10.4018/978-1-6684-4964-6.ch015

(Global Findex, 2017). Evidence suggests that digital payments in particular have expanded as a result of the COVID-19 emergency and are helping to accelerate digital financial inclusion.

Data collected during the pandemic charts these positive shifts toward digital payment, but also highlights the unequal access to these services, especially among vulnerable groups. The adoption of digital finance includes risks such as those related to consumer protection and financial capabilities. Advances in digital financial inclusion are likely to be more sustainable and equitable when accompanied by policies that address the different circumstances facing consumers and provide for the skills development, regulatory protections and product designs suited to their needs.

In this paper, based on the study of the gap in the law in terms of determining the legal nature of information resources using the method of consolidation of knowledge of Economics and law (various branches of law, such as financial, tax, civil, international public law) we will look at proposals for the optimization of domestic legislation, enshrining the universal economic concept of "asset"; also giving a detailed description of this concept and revealed its content of security and weaknesses.

Cryptocurrencies

Cryptocurrency represents a digital asset, whose main purpose is to be a medium in exchange, and while doing that, it uses the cryptography so that all the transactions are secured, everything new that appears is controlled by its own system. It is possible to say that cryptocurrency is a subset of digital currencies. The first cryptocurrency ever made was the Bitcoin, in 2009. After that, a lot of other cryptocurrencies appeared on the market, but they were called the altcoins, as they represented the mix of Bitcoin alternatives. Bitcoin does not have a centralized system, no one can control it entirely, like in electronic banking systems.

In banking systems, we have an institution that can issue currencies and print money. But things are different with cryptocurrencies. They use cryptography to gather all the information and data, and it all passes through blockchains, which represent the distributed ledger. It is still unknown who made the Bitcoin, the only thing that is known to the public is that a person or maybe a group of people that go under the name of Satoshi Nakamoto made it happen.

Up until this year, a lot of other cryptocurrencies appeared, but most of the scientists and researchers think that they are similar to Bitcoin and that they are just a subproduct of Bitcoin. For this system to function, there are a lot of people from the general public that are called miners (Nakamoto, 2008). Their job is to use their computers for validation and timestamp transactions, as they add them to the ledger while using a special timestamping scheme. And also they get a big incentive for these actions.

Legal Background

A significant problem in ensuring digital security at present is legal uncertainty regarding the regulatory definition of the concept and disclosure of the content of such an objective phenomenon as "the digital form of existence of information, the exchange and operation of it". Both in Russia and in the rest of the world, the so-called "Information law" is in the "embryonic" state. Lawyers are still in the process of understanding such phenomena as "virtual space", "blockchain", as well as the possibilities and limits of legal regulation of operating with digital information. Undoubtedly, the coming legal reform will also affect the fundamental aspects of Civil law, Financial, Administrative and Criminal law. But all this in the future. The idea itself is brilliant, no one can control the flow of this currency, no government, no