



## Payment Fraud Statistics - Summary of Results

Fraud Perpetrated on Australian Issued Payment Instruments						
1 July 2005 - 30 June 2006						
Instrument	No. of Fraud Transactions	Value (\$) of Fraud Transactions	Total No. of all Transactions <i>(thousands)</i>	Total Value (\$) of all Transactions <i>(\$ million)</i>	Fraud as % of Total No. of Transactions	Fraud as % of total value (\$) of Transactions
Cheque	2,942	40,706,011	466,942*	1,704,406*	0.0006%	0.0024%
Debit Card	29,357	14,471,065	1,760,193#	177,549#	0.0017%	0.0082%
Credit / Charge	236,271	87,432,913	1,596,005#	224,777#	0.0148%	0.0389%
<b>Total</b>	<b>268,570</b>	<b>142,609,989</b>	<b>3,823,140</b>	<b>2,106,732</b>	<b>0.0070%</b>	<b>0.0068%</b>

\* Reserve Bank of Australia. Data published in RBA Bulletin **Table C5** for the number and value of cheques.

# Reserve Bank of Australia and Card Schemes. Data published in RBA Bulletin **Table C1** for the number and value of credit and charge card transactions and **Table C4** for the number and value of debit card (ATM-EFTPOS) transactions; and data supplied by the **Card Schemes**. As the Reserve Bank tables do not differentiate between scheme debit and proprietary debit transactions, the figures in tables C1 and C4 have been adjusted according to data supplied by the Card Schemes to provide a true comparison with the fraud data collected by APCA.



## Cheque Fraud Perpetrated in Australia

1 July 2005 – 30 June 2006

Category	Actual		Exposure		Recoveries*
	Number	Value (\$)	Number	Value (\$)	Value (\$)
Fraudulently Altered	813	8,066,731	1,950	27,119,378	1,123,330
Stolen Blank Cheque/Book	1,071	5,676,870	1,926	13,424,098	157,658
Originated Counterfeit Cheques	426	3,713,887	891	62,676,803	355,626
Non-originated Counterfeit Cheques	213	2,318,846	453	6,510,520	576,973
Breach of Mandate	117	8,472,192	144	2,602,579	282,560
<b>On-Us Total</b>	<b>2,640</b>	<b>28,248,526</b>	<b>5,364</b>	<b>112,333,378</b>	<b>2,496,147</b>
<b>Deposit Fraud</b>					
Valueless	117	1,946,266	2,073	42,521,296	298,396
Valueless - Kite Flying	11	171,620	290	18,376,972	31,393
Third Party Conversion	174	10,339,599	219	10,228,191	4,905,512
<b>Deposit Total</b>	<b>302</b>	<b>12,457,485</b>	<b>2,582</b>	<b>71,126,459</b>	<b>5,235,301</b>
<b>Total</b>	<b>2,942</b>	<b>40,706,011</b>	<b>7,946</b>	<b>183,459,837</b>	<b>7,731,448</b>

\* Data on the “number” of Recoveries is not collected.

“Actual” losses can relate to “Exposure” during an earlier period. This explains why, in some reporting periods, actual losses may exceed exposure.



## **Explanation of Cheque Fraud Categories**

### **On-us Fraud**

On-us cheque fraud includes cheques issued by Financial Institution X and deposited back into Financial Institution X. Categories for On-Us Fraud include:

- *Fraudulently Altered Cheques* :
  - *Payee Only* - cheques that have been altered to show payee details other than those originally authorized by the drawer and where no other area of the cheque has been altered.
  - *Amount Only* - cheques that have been altered to show \$-amount details other than those originally authorized by the drawer and where no other area of the cheque has been altered.
  - *Both Payee AND Amount* - Cheques that have been altered to show payee details AND \$-amount details other than those originally authorized by the drawer and where no other area of the cheque has been altered.

Note: Fraudulently altered cheques do not include cheques with forged signatures. These are included in Stolen Blank Cheque/Book and Originated or Non-Originated Counterfeit Cheques.

Where alterations are made to the MICR line, items are included in the counterfeit category.

- *Stolen Blank Cheque/Book* - this includes original stolen blank cheques that are written or marked in order to be passed off as if by the legitimate signatory. Includes forged makers mark.
- *Originated Counterfeit Cheques* - originated counterfeit cheques are produced using the paper of the original cheque to create a new, unauthorized cheque. Techniques used in this process include washing, laser printing, scanning and desk-top publishing.
- *Non-originated Counterfeit Cheques* - non-originated counterfeit cheques made on new paper to create a new, unauthorized cheque. Techniques used in this process include laser printing, photocopying, scanning and desk-top publishing. This category also includes items where the MICR line has been altered.
- *Breach of Mandate* – this involves payment of cheques which do not follow the original instructions or arrangements set up. That is, the cheque may require two signatories but the financial institution, through error, allows only one signatory. Other examples include a cheque drawn by a designated authority such as Financial Officer or Accountant and used for fraudulent purposes.

### **Deposit Fraud**

- *Valueless* - Covers cheques deposited to an account knowing that these cheques should not be honoured on presentation by the drawee financial institution as they are valueless (lack of funds), counterfeit, reported stolen, have been fraudulently altered or are in breach of mandate (e.g. do not contain required number of signatures).

Note: This category excludes customer cheques dishonoured or returned for lack of funds where cheques were drawn in error, that is, there was no intent to defraud.

- *Valueless: Kite Flying* - the activity of depositing valueless cheques and making withdrawals against those valueless cheques, between accounts owned by the same person. Also called round robin transactions.
- *Third Party Conversion* - this category includes unaltered cheques which have been deposited to an account other than the payee. This arises where the financial institution has made insufficient enquiry or verification of the depositor regarding their title to the cheque. It also includes cheques where there are two payees but the financial institution has allowed one payee to deposit the amount into their personal account without authority from the other payee.

<b>Debit Card Fraud Perpetrated in Australia</b>		
1 July 2005 – 30 June 2006		
<b>Category</b>	<b>Number</b>	<b>Value (\$)</b>
<b><i>Debit Card Fraud – PIN Used:</i></b>		
Lost/Stolen	7,024	3,588,404
Never Received	1,120	1,281,231
Counterfeit/Skimming	5,992	4,305,969
Other	3,639	2,167,829
<b><i>PIN Used Total</i></b>	<b><i>17,775</i></b>	<b><i>11,343,433</i></b>
<b><i>Debit Card Fraud – PIN Not Used:</i></b>		
Lost/Stolen	5,918	1,373,262
Never Received	952	147,595
Counterfeit/Skimming	3,319	1,288,111
Other	1,393	318,664
<b><i>PIN Not Used Total</i></b>	<b><i>11,582</i></b>	<b><i>3,127,632</i></b>
<b><i>Total Debit Card Fraud</i></b>	<b><i>29,357</i></b>	<b><i>14,471,065</i></b>

**Note:** For fraudulent transactions initiated at ATMs, EFTPOS terminals and other devices, the above statistics incorporate all transactions where either "cheque" or "savings" was selected, regardless of the type of card used (that is debit card, 'combo' card, scheme card etc).

### ***Explanation of Debit Card Fraud Categories***

- *Lost/Stolen* - fraud resulting from the loss or theft of an existing card and a fraudulent transaction has taken place.
- *Card Never Received* - fraud where a card has been intercepted (stolen) during delivery to the customer and used before it was received by the customer.
- *Counterfeit/Skimming* - the use of altered or illegally reproduced cards including the replication/alteration of the magnetic stripe and/or changes to the details on the face of the card with intent to defraud. Skimming is a form of magnetic-stripe counterfeiting in which criminals are able to copy magnetic stripe track information (including Card Verification Value - CVV) from a valid card. Information is then encoded on a counterfeit or stolen card and then used fraudulently.
- *Other* - fraud that cannot be categorized under any of the other fraud type categories. This includes identity takeover and false applications etc.

**Credit Card and Charge Card Fraud Perpetrated in Australia and Overseas  
on Australian-issued Cards**

1 July 2005 – 30 June 2006

Category	In Australia		Overseas		Total	
	Number	Value (\$)	Number	Value (\$)	Number	Value (\$)
Lost/ Stolen	42,203	9,794,146	15,780	4,527,804	57,983	14,321,950
Never Received	9,947	3,594,206	1,799	1,072,678	11,746	4,666,884
Fraudulent Application	9,559	5,736,808	1,657	2,033,099	11,216	7,769,907
Counterfeit/ Skimming	26,059	14,204,069	29,363	17,928,194	55,422	32,132,263
Card Not Present (CNP) *	41,844	13,018,490	55,435	14,204,555	97,279	27,223,045
Other *	1,840	936,181	785	382,683	2,625	1,318,864
<b>Total</b>	<b>131,452</b>	<b>47,283,900</b>	<b>104,819</b>	<b>40,149,013</b>	<b>236,271</b>	<b>87,432,913</b>

**Fraud Perpetrated in Australia on Cards issued Overseas**

Category	Number	Value (\$)
Lost/ Stolen	21,600	7,991,806
Never Received *	1,561	395,181
Fraudulent Application	1,039	164,383
Counterfeit/ Skimming	55,204	26,859,544
Card Not Present (CNP) *	39,998	10,774,335
Other *	2,272	679,426
<b>Total</b>	<b>121,674</b>	<b>46,864,675</b>

\* These statistics have been revised to take into account a re-categorisation of data.



## ***Explanation of Credit Card and Charge Card Fraud Categories***

- *Lost/Stolen Card* - fraud resulting from the loss or theft of an existing card and a transaction has taken place without the cardholder's consent or authority.
- *Card Never Received* - fraud where a card has been intercepted (stolen) during delivery to the customer and used before it was received by the customer.
- *Fraudulent Application* - fraudulent applications are applications for card accounts using a fictitious identity, using someone else's identity or providing false information during the application process.
- *Counterfeit/Skimming* - the use of altered or illegally reproduced cards including the replication/alteration of the magnetic stripe and changes to the details on the face of the card with intent to defraud. Skimming is a form of magnetic stripe counterfeiting in which criminals are able to copy magnetic stripe track information (including Card Verification Value - CVV) from a valid card. Information is then encoded on a counterfeit or stolen card and used fraudulently.
- *Card Not Present (CNP)* - the use of account information including pseudo account information without the physical card being involved, via the phone, mail, Internet etc. without the authority of the cardholder. This category also includes fraud where a card should normally be present (eg: in a retail transaction ) but a merchant has chosen to accept the transaction based on a card number only and it turns out to be a fraudulent transaction
- *Other* - fraud that cannot be categorised under any of the other Fraud Type categories. For example fraud using imprints of cards at merchants, or use of an existing account without the authority of the cardholder by a person who gains access to and use of the account through an unauthorized means, such as a fraudulent change of address or request for re-issuance of cards (but not lost or stolen cards).