



Payment Fraud Statistics - Summary of Results

Fraud Perpetrated on Australian Issued Payment Instruments						
1 January 2006 – December 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	2,408	32,399,347	448,233*	1,683,725*	0.0005%	0.0019%
Debit Card	34,318	14,393,443	1,822,468#	186,283#	0.0019%	0.0077%
Credit / Charge	241,063	85,215,615	1,634,993#	230,731#	0.0147%	0.0369%
Total	277,789	132,008,405	3,905,694	2,100,739	0.0071%	0.0063%

* 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 January 2006 – 31 December 2007

Category	Actual		Exposure		Recoveries*
	Number	Value (\$)	Number	Value (\$)	Value (\$)
Fraudulently Altered	782	7,595,193	1,587	24,432,766	1,411,558
Stolen Blank Cheque/Book	783	3,930,519	1,562	22,253,282	541,911
Originated Counterfeit Cheques	269	2,216,410	593	7,480,253	352,327
Non-originated Counterfeit Cheques	200	2,414,441	425	7,750,464	695,494
Breach of Mandate	137	3,052,436	179	4,079,612	241,350
On-Us Total	2,171	19,208,999	4,346	65,996,377	3,242,640
Deposit Fraud					
Valueless	90	1,874,569	2,188	64,115,752	479,516
Valueless - Kite Flying	3	2,570,720	214	9,456,304	15,602
Third Party Conversion	144	8,745,059	187	8,514,946	4,920,446
Deposit Total	237	13,190,348	2,589	82,087,002	5,415,564
Total	2,408	32,399,347	6,935	148,083,379	8,658,204

* 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.

Debit Card Fraud Perpetrated in Australia		
1 January 2006 – 31 December 2006		
Category	Number	Value (\$)
<i>Debit Card Fraud – PIN Used:</i>		
Lost/Stolen	7,481	3,345,671
Never Received	1,471	1,463,717
Counterfeit/Skimming	5,849	2,560,670
Other	5,241	3,047,901
<i>PIN Used Total</i>	<i>20,042</i>	<i>10,417,959</i>
<i>Debit Card Fraud – PIN Not Used:</i>		
Lost/Stolen	6,254	1,457,559
Never Received	766	256,662
Counterfeit/Skimming	3,340	1,419,374
Other	3,916	841,889
<i>PIN Not Used Total</i>	<i>14,276</i>	<i>3,975,484</i>
<i>Total Debit Card Fraud</i>	<i>34,318</i>	<i>14,393,443</i>

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 January 2006 – 31 December 2006

Category	In Australia		Overseas		Total	
	Number	Value (\$)	Number	Value (\$)	Number	Value (\$)
Lost/ Stolen	42,131	10,060,970	13,492	4,438,703	55,623	14,499,673
Never Received	10,008	3,373,452	1,389	779,006	11,397	4,152,458
Fraudulent Application	8,181	3,945,630	989	990,533	9,170	4,936,163
Counterfeit/ Skimming	22,668	12,117,893	27,005	16,556,712	49,673	28,674,605
Card Not Present (CNP) *	47,145	15,387,997	65,813	16,402,516	112,958	31,790,513
Other *	1,463	810,722	779	351,481	2,242	1,162,203
Total	131,596	45,696,664	109,467	39,518,951	241,063	85,215,615

Fraud Perpetrated in Australia on Cards issued Overseas

Category	Number	Value (\$)
Lost/ Stolen	20,214	8,052,662
Never Received *	1,498	365,121
Fraudulent Application	1,383	289,486
Counterfeit/ Skimming	56,005	27,828,015
Card Not Present (CNP) *	42,153	12,118,072
Other *	1,752	720,120
Total	123,005	49,373,476

* 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).