



Payment Fraud Statistics - Summary of Results

Fraud Perpetrated on Australian Issued Payment Instruments						
1 July 2006 - 30 June 2007 (revised June 2010)						
Instrument	No. of Fraud Transactions	Value (\$) of Fraud Transactions	Total No. of all Transactions <i>(thousands)</i>	Total Value (\$) of all Transactions <i>(\$ millions)</i>	Fraud as % of Total No. of Transactions	Fraud as % of total value (\$) of Transactions
Cheque	1,991	23,914,248	436,839 r	1,773,411 r	0.0005%	0.0013%
Debit Card	39,961	14,098,683	1,890,449	197,504	0.0021%	0.0071%
Credit / Charge	282,138 r	90,025,073 r	1,702,048 r	236,418	0.0166%	0.0381%
Total	324,090	128,038,004	4,029,336	2,207,333	0.0080%	0.0058%

Data for total number of all transactions and total value of all transaction is sourced from data published in the RBA Bulletin. The data is sourced from Table C6 for Cheques, Table C4 and C5 for the Debit Card (ATM-POS) Category and Table C1 and C5 for Credit/Charge Cards Category

As the Reserve Bank tables do not differentiate between scheme debit and proprietary debit transactions for the reporting period, the figures in tables C1, C4 and C5 have been adjusted according to data supplied by the Card Schemes to provide a true comparison with the fraud data collected by APCA.

Note: r = figures have been revised.

Cheque Fraud Perpetrated in Australia					
1 July 2006 - 30 June 2007 (revised June 2010)					
Category	Actual		Exposure		Recoveries*
<i>On-Us Fraud</i>	<i>Number</i>	<i>Value (\$)</i>	<i>Number</i>	<i>Value (\$)</i>	<i>Value (\$)</i>
Fraudulently Altered	704	6,588,750	1,340	21,453,603	1,089,983
Stolen Blank Cheque / Book	791	3,799,949	1,465	21,320,209	569,586
Originated Counterfeit Cheques	170	1,384,132	393	5,311,432	207,860
Non-Originated Counterfeit Cheques	86	943,061	346	5,014,905	247,827
Breach of Mandate	99	4,300,058	143	3,713,574	108,577
<i>On-Us Total</i>	1,850	17,015,950	3,687	56,813,723	2,223,833
<i>Deposit Fraud</i>					
Valueless	43	1,593,262	1,895	72,288,488	970,784
Valueless - Kite Flying	2	2,524,041	156	507,847,585	17,505
Third Party Conversion	96	2,780,995	171	3,065,292	163,122
<i>Deposit Total</i>	141	6,898,298	2,222	583,201,365	1,151,411
<i>Total</i>	1,991	23,914,248	5,909	640,015,088	3,375,244

* 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 July 2006 - 30 June 2007 (revised June 2010)		
Category	Number	Value (\$)
<i>Debit Card Fraud - PIN Used:</i>		
Lost / Stolen	7,734	2,907,836
Never Received	1,675	1,183,745
Counterfeit / Skimming	7,325	2,878,609
Other	5,744	2,738,311
<i>PIN Used Total</i>	22,478	9,708,501
<i>Debit Card Fraud - PIN Not Used:</i>		
Lost / Stolen	6,071	1,324,827
Never Received	860	264,736
Counterfeit / Skimming	3,086	1,307,645
Other	7,466	1,492,974
<i>PIN Not Used Total</i>	17,483	4,390,182
<i>Total Debit Card Fraud</i>	39,961	14,098,683

Note: For fraudulent transactions initiated at ATMs, POS 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 2006 - 30 June 2007 (revised June 2010)						
	In Australia		Overseas		Total	
Category	Number	Value (\$)	Number	Value (\$)	Number	Value (\$)
Lost / Stolen	45,944	11,525,174	13,583	4,635,386	59,527	16,160,560
Never Received	8,772	2,668,336	848	326,548	9,620	2,994,884
Fraudulent Application	6,679	3,100,469	765	325,660	7,444	3,426,129
Counterfeit / Skimming	20,247	11,462,999	23,980	14,928,762	44,227	26,391,762
Card Not Present (CNP)	58,072	18,435,197	94,509	21,159,165	152,581	39,594,362
Other	7,204	1,213,936	1,535	243,441	8,739	1,457,377
Total	146,918	48,406,111	135,220	41,618,962	282,138	90,025,074

Fraud Perpetrated in Australia on Cards Issued Overseas		
Category	Number	Value (\$)
Lost / Stolen	21,668	8,384,497
Never Received	1,188	299,566
Fraudulent Application	715	252,589
Counterfeit / Skimming	85,231	40,957,126
Card Not Present (CNP)	49,123	16,641,513
Other	1,657	525,438
Total	159,582	67,060,730

Note: Credit/Charge Card fraud figures have been revised



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).