



## Payment Fraud Statistics - Summary of Results

Fraud Perpetrated on Australian Issued Payment Instruments						
1 January 2008 - 31 December 2008 (revised June 2010)						
Instrument	No. of Fraud Transactions	Value (\$) of Fraud Transactions	Total No. of all Transactions <i>r</i>	Total Value (\$) of all Transactions <i>r</i>	Fraud as % of Total No. of Transactions	Fraud as % of total value (\$) of Transactions
			<i>(thousands)</i>	<i>(\$ millions)</i>		
Cheque	1,412 <i>r</i>	13,228,159 <i>r</i>	370,954	1,617,150	0.0004%	0.0008%
Debit Card	37,793	14,596,742	2,365,850	250,156	0.0016%	0.0058%
Credit / Charge	412,568	146,718,060 <i>r</i>	1,710,418	243,131	0.0241%	0.0603%
<b>Total</b>	<b>451,773</b>	<b>174,542,960</b>	<b>4,447,222</b>	<b>2,110,437</b>	<b>0.0102%</b>	<b>0.0083%</b>

Data for total number of all transactions and total value of all transactions 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

*r*= revised data

<b>Cheque Fraud Perpetrated in Australia</b>					
1 January 2008 - 31 December 2008 (revised June 2010)					
<b>Category</b>	<b>Actual</b>		<b>Exposure</b>		<b>Recoveries*</b>
<b><i>On-Us Fraud</i></b>	<b><i>Number</i></b>	<b><i>Value (\$)</i></b>	<b><i>Number</i></b>	<b><i>Value (\$)</i></b>	<b><i>Value (\$)</i></b>
Valueless	8	66,820	233	15,139,888	0
Fraudulently Altered	466 r	3,915,540 r	833	12,538,550	516,203
Stolen Blank Cheque / Book	519	2,542,228 r	912	6,733,261	168,059 r
Originated Counterfeit Cheques	125	743,205 r	328	2,366,774	88,408 r
Non-Originated Counterfeit Cheques	64	276,789 r	232	8,380,647	60,181 r
Breach of Mandate	116 r	4,768,975 r	203	3,854,807 r	562,877 r
<b><i>On-Us Total</i></b>	<b>1,298</b>	<b>12,313,557</b>	<b>2,741</b>	<b>49,013,927</b>	<b>1,395,728</b>
<b><i>Deposit Fraud</i></b>					
Valueless	57	242,473 r	2,097	83,093,813 r	181,169 r
Valueless - Kite Flying	3	329,311 r	139	8,697,961	87,656
Third Party Conversion	54	342,818	82	1,774,126	88,027
<b><i>Deposit Total</i></b>	<b>114</b>	<b>914,602</b>	<b>2,318</b>	<b>93,565,900</b>	<b>356,852</b>
<b><i>Total</i></b>	<b>1,412</b>	<b>13,228,159</b>	<b>5,059</b>	<b>142,579,827</b>	<b>1,752,580</b>

r = revised data

\* 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:

- *Valueless* - Covers cheques drawn on an account where there appears to be suspicious circumstances or where it is thought that the Cheque is stolen or forged or in any other way is fraudulently issued and action is taken in terms of Rule 4.4 in Schedule 10.
- *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 2008 - 31 December 2008 (revised June 2010)		
Category	Number	Value (\$)
<b>Debit Card Fraud - PIN Used:</b>		
Lost / Stolen	9,138	3,478,215
Never Received	3,270	1,902,064
Counterfeit / Skimming	11,464	5,042,864
Other	3,154	1,416,912
<b>PIN Used Total</b>	<b>27,026</b>	<b>11,840,055</b>
<b>Debit Card Fraud - PIN Not Used:</b>		
Lost / Stolen	2,804	622,384
Never Received	659	215,112
Counterfeit / Skimming	1,573	744,426
Other	5,731	1,174,765
<b>PIN Not Used Total</b>	<b>10,767</b>	<b>2,756,687</b>
<b>Total Debit Card Fraud</b>	<b>37,793</b>	<b>14,596,742</b>

**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.

<b>Credit Card and Charge Card Fraud Perpetrated in Australia and Overseas on Australian-issued Cards</b>						
1 January 2008 - 31 December 2008 (revised June 2010)						
	<b>In Australia</b>		<b>Overseas</b>		<b>Total</b>	
<b>Category</b>	<b>Number</b>	<b>Value (\$)</b>	<b>Number</b>	<b>Value (\$)</b>	<b>Number</b>	<b>Value (\$)</b>
Lost / Stolen	41,803	10,058,963	16,096	5,796,366	57,899	15,855,329
Never Received	11,339	3,197,682	1,085	291,426	12,424	3,489,108
Fraudulent Application	3,334	1,604,122	693	158,876	4,027	1,762,998
Counterfeit / Skimming	34,665	21,431,620	41,710	28,728,932	76,375	50,160,552
Card Not Present (CNP)	80,643	26,732,131	175,548	46,027,508	256,191	72,759,639
Other	3,576	2,050,408	2,076	640,026	5,652	2,690,434
<b>Total</b>	<b>175,360</b>	<b>65,074,926</b>	<b>237,208</b>	<b>81,643,134</b>	<b>412,568</b>	<b>146,718,060</b>

<b>Fraud Perpetrated in Australia on Cards Issued Overseas</b>		
<b>Category</b>	<b>Number</b>	<b>Value (\$)</b>
Lost / Stolen	31,978	10,239,882
Never Received	2,532	706,474
Fraudulent Application	1,060	432,666
Counterfeit / Skimming	201,213	78,282,089
Card Not Present (CNP)	91,663	28,800,938
Other	2,870	905,125
<b>Total</b>	<b>331,316</b>	<b>119,367,174</b>

**Note:** Minor adjustments have been made to Credit/Charge Card fraud figures

### **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).