



Sydney: 17 December 2007

Payments Fraud in Australia

APCA's third release of payment fraud statistics shows a small decline in Australia's overall rate of fraud as the total value of payments made by consumers and businesses increases

The Australian Payments Clearing Association (APCA), the payments industry self-regulatory body, today released its third issue of fraud data for cheques, debit cards, credit cards and charge cards in Australia.

Today's fraud data release, which is for the 12 months to 30 June 2007, also provides the first year-on-year comparison for APCA's data collection, which is issued every six-months. Comprehensive data is available on APCA's website and a new time series presentation of the data is attached.

"With the benefit of three releases, we can now start to look at overall trends." said APCA's Chief Executive Officer, Chris Hamilton. "As the time series data shows, overall fraud rates (cheques and payment cards) have declined in each 12-month period. The year-on-year comparison (year to 30 June 2006 versus year to 30 June 2007) shows a drop in overall fraud rates from 6.8 cents to 5.9 cents in every \$1000. This is encouraging news."

Key findings:

- Within the overall decline from 6.8 cents in every \$1000 (June 2006 issue) to 5.9 cents in every \$1000 (June 2007 issue):
 - The rate of cheque fraud declined from 2.4 cents to 1.4 cents in every \$1000;
 - The rate of debit (that is, EFTPOS and ATM) card fraud declined from 8.2 cents to 7 cents in every \$1000; and
 - The rate of credit and charge card fraud declined slightly from 38.9 cents to 38.6 cents in every \$1000.

- The overall proportion of payment transactions affected by fraud has shown some increase, from 7 fraudulent transactions in every 100,000 transactions (June 2006 issue) to 8 fraudulent transactions in every 100,000 (June 2007 issue).
 - The incidence of fraud on debit (that is, EFTPOS and ATM) cards increased from 1.7 to 2.1 fraudulent transactions per 100,000 transactions.
 - The incidence of fraud on credit/charge cards increased from 14.8 to 16.7 fraudulent transactions per 100,000 transactions.

MEDIA RELEASE



- Despite this moderate increase in the incidence of card fraud, at 9 fraudulent transactions in every 100,000, Australia's overall payment card (debit, credit and charge cards) fraud remains low compared to the UK, which has an incidence of about 141 fraudulent transactions in every 100,000.

"Consumers who fall victim to payments fraud suffer upset and inconvenience, but fraud losses are usually borne by financial institutions. Thus fraud prevention remains a priority for everyone," said Mr Hamilton.

In the last 12 months, there has been significant investment in systemic fraud prevention in the payment cards industry through:

- compliance with enhanced Data Security Standards for computer systems and data links; and
- the progressive rollout of chip cards with their enhanced fraud prevention capabilities.

These measures are in addition to efforts within individual financial institutions.

"Despite Australia's relatively good performance in fraud prevention, there is a need for continued vigilance by financial institutions and their customers," Mr Hamilton added.

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Further information

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About Australian Payments Clearing Association (APCA)

APCA is the Australian payment industry's principal self regulatory body. It is the primary vehicle in Australia for payments industry collaboration, with a mandate to improve the safety, reliability, equity, convenience and efficiency of the Australian payments system. APCA's role is to manage and develop regulations, procedures, policies and standards governing payments clearing and settlement within Australia. It has around 80 members comprising the Reserve Bank, banks, building societies, credit unions and other participants in its five payment clearing systems. These systems cover: cheques and other paper based payment instruments; direct entry (credit and debit payments); EFTPOS and ATM transactions; trading and distribution of bulk notes and coin between banks; and settlement of high value, real-time payments between financial institutions. More than 98% of Australia's non-cash retail payment values are cleared through APCA's five payment clearing systems.

View APCA's 2007 Annual Review online at www.apca.com.au

Fraud Perpetrated on Australian Issued Payment Instruments

1 July 2006 - 30 June 2007

	No. of fraud transactions	Value (\$) of fraud transactions	Total no. of all transactions (thousands)	Total value of all transactions (\$millions)	Fraud as % of total no. of transactions	Fraud as % of total value (\$) of transactions
Cheque	1,991	23,914,246	431,718	1,742,905	0.0005%	0.0014%
Debit Card	39,250	13,694,949	1,890,450	196,279	0.0021%	0.0070%
Credit / Charge	279,222	90,913,262	1,674,958	235,417	0.0167%	0.0386%
Total	320,463	128,522,457	3,997,126	2,174,601	0.0080%	0.0059%

Fraud Perpetrated on Australian Issued Payment Instruments

Summary results

	12 month periods	No. of fraud transactions	Value (\$) of fraud transactions	Total no. of all transactions (thousands)	Total value of all transactions (\$millions)	Fraud as % of total no. of transactions	Fraud incidence per 100,000 transactions	Fraud as % of total value of transactions	Fraud per \$1,000 transacted (cents)	Average value of fraud incident (\$)
Cheque	to June 2006	2,942	\$40,706,011	466,942	\$1,704,406	0.0006%	0.6	0.0024%	2.4	\$13,836
	to Dec 2006	2,408	\$32,399,347	448,233	\$1,683,725	0.0005%	0.5	0.0019%	1.9	\$13,455
	to June 2007	1,991	\$23,914,246	431,718	\$1,742,905	0.0005%	0.5	0.0014%	1.4	\$12,011
Debit Card	to June 2006	29,357	\$14,471,065	1,760,193	\$177,549	0.0017%	1.7	0.0082%	8.2	\$493
	to Dec 2006	34,318	\$14,393,443	1,822,468	\$186,283	0.0019%	1.9	0.0077%	7.7	\$419
	to June 2007	39,250	\$13,694,949	1,890,450	\$196,279	0.0021%	2.1	0.0070%	7.0	\$349
Credit / Charge	to June 2006	236,271	\$87,432,913	1,596,005	\$224,777	0.0148%	14.8	0.0389%	38.9	\$370
	to Dec 2006	241,063	\$85,215,615	1,634,993	\$230,731	0.0147%	14.7	0.0369%	36.9	\$353
	to June 2007	279,222	\$90,913,262	1,674,958	\$235,417	0.0167%	16.7	0.0386%	38.6	\$326
Total	to June 2006	268,570	\$142,609,989	3,823,140	\$2,106,732	0.0070%	7.0	0.0068%	6.8	\$531
	to Dec 2006	277,789	\$132,008,405	3,905,694	\$2,100,739	0.0071%	7.1	0.0063%	6.3	\$475
	to June 2007	320,463	\$128,522,457	3,997,126	\$2,174,601	0.0080%	8.0	0.0059%	5.9	\$401