



Sydney: 30 May 2008

Payments Fraud in Australia

The Australian Payments Clearing Association (APCA), the payments industry self-regulatory body, today released a fourth issue of payments fraud data showing that Australia's overall rate of fraud remains low.

The fraud data released today is for cheques, debit cards, credit cards and charge cards in Australia for the 12 months to 31 December 2007. APCA's entire fraud data collection is available at www.apca.com.au.

Today's release shows that Australia's total rate of fraud (cheques and payment cards) has remained steady, dropping only slightly from 6.3 cents (2006) to 6.2 cents for every \$1,000 of payments.

Key findings:

Fraud remains a fraction of an overall increasing number of payments. By payment type, the rate of:

- Cheque fraud dropped from 1.9 cents to 0.8 of a cent in every \$1,000; and
- Payment card (debit cards, credit and charge cards) fraud increased from 23.9 cents to 27.9 cents in every \$1,000.
 - Debit card (that is, EFTPOS and ATM) fraud dropped from 7.7 cents to 7.1 cents in every \$1,000.
 - Credit and charge card fraud (that is, signature permitted and card-not-present) increased from 36.9 cents to 44.5 cents in every \$1,000.

The largest component of Australia's credit and charge card fraud relates to card-not-present (CNP) fraud and cross-border fraud activity. CNP includes fraud conducted over the internet, phone, mail and fax.

APCA's Chief Executive Officer, Chris Hamilton said "Australia's increase in CNP and cross-border fraud appears consistent with trends reported in the UK and the Asia-Pacific region over the last few years."

"While Australia's payment card fraud rate has increased over the last 12 months it still remains low by global standards. For example, the UK's payment card fraud rate is the equivalent of \$1.18 in every \$1,000 as against slightly under 28 cents in Australia," Mr Hamilton added.

"What the statistics are telling us is that even as today's technology makes it possible to buy anything from anywhere, it is also making it possible for fraudsters to operate globally. It's no surprise that Australian consumers and retailers need to take particular care when not dealing face-to-face," Mr Hamilton added.

MEDIA RELEASE



“Fraud prevention remains more than ever a priority for the industry,” said Mr Hamilton. “Just recently, APCA and the ABA (Australian Bankers’ Association) held an industry workshop to identify priorities for tackling payments fraud. This is on top of ongoing efforts within individual financial institutions and card schemes.”

The industry has continued its work in systemic fraud prevention. This includes a world-wide focus on compliance with enhanced Data Security Standards and a progressive rollout of chip cards with their enhanced fraud prevention capabilities. A Chip Payments Programme for Australia has been established to ensure a coordinated industry approach with active participation from card issuers, acquirers and the card schemes.

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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 January 2007 - 31 December 2007						
Instrument	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	1,561	14,312,074	411,563	1,799,379	0.0004%	0.0008%
Debit Card	44,823	14,389,122	1,957,035	200,761	0.0023%	0.0072%
Credit / Charge	326,186	111,518,608	1,758,296	250,626	0.0186%	0.0445%
Total	372,570	140,219,803	4,126,894	2,250,765	0.0090%	0.0062%

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 ('000)	Total value of all transactions (\$m)	Fraud as % of total no. of transactions	Fraud as occurrence 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%	2.39	\$13,836
	to Dec 2006	2,408	\$32,399,347	448,233	\$1,683,725	0.0005%	0.5	0.0019%	1.92	\$13,455
	to June 2007	1,991	\$23,914,246	431,713	\$1,742,890	0.0005%	0.5	0.0014%	1.37	\$12,011
	to Dec 2007	1,561	\$14,312,074	411,563	\$1,799,379	0.0004%	0.4	0.0008%	0.80	\$9,169
Debit Card	to June 2006	29,357	\$14,471,065	1,760,193	\$177,549	0.0017%	1.7	0.0082%	8.15	\$493
	to Dec 2006	34,318	\$14,393,443	1,822,468	\$186,283	0.0019%	1.9	0.0077%	7.73	\$419
	to June 2007	39,250	\$13,694,949	1,890,450	\$197,501	0.0021%	2.1	0.0069%	6.93	\$349
	to Dec 2007	44,823	\$14,389,122	1,957,035	\$200,761	0.0023%	2.3	0.0072%	7.17	\$321
Credit / Charge	to June 2006	236,271	\$87,432,913	1,596,005	\$224,777	0.0148%	14.8	0.0389%	38.90	\$370
	to Dec 2006	241,063	\$85,215,615	1,634,993	\$230,731	0.0147%	14.7	0.0369%	36.93	\$353
	to June 2007	279,222	\$90,913,262	1,674,964	\$235,419	0.0167%	16.7	0.0386%	38.62	\$326
	to Dec 2007	326,186	\$111,518,608	1,758,296	\$250,626	0.0186%	18.6	0.0445%	44.50	\$342
Total	to June 2006	268,570	\$142,609,989	3,823,140	\$2,106,732	0.0070%	7.0	0.0068%	6.77	\$531
	to Dec 2006	277,789	\$132,008,405	3,905,694	\$2,100,739	0.0071%	7.1	0.0063%	6.28	\$475
	to June 2007	320,463	\$128,522,457	3,997,128	\$2,175,810	0.0080%	8.0	0.0059%	5.91	\$401
	to Dec 2007	372,570	\$140,219,803	4,126,894	\$2,250,765	0.0090%	9.0	0.0062%	6.23	\$376