



Sydney: 15 December 2008

Payments Fraud in Australia

The Australian Payments Clearing Association (APCA), the payments industry self-regulatory body, today released fraud data for cheques, debit cards, credit and charge cards for the 12 month period ending 30 June 2008.

Today's release shows that while Australia's total rate of fraud remains low by global standards, the total rate of fraud (*cheque and payment cards*) has risen from 5.9 cents (2007) to 7.2 cents for every \$1,000 of payments.

Key findings (changes from year ending 30 June 2007 to year ending 30 June 2008):

- *Cheque* fraud declined from 1.4 cents to 0.8 of a cent in every \$1,000.
- *Debit card fraud (that is, EFTPOS and ATM)* increased slightly from 7.1 cents to 7.4 cents in every \$1,000.
- *Credit and charge card fraud (that is, signature permitted and card-not-present)* increased from 38.6 cents to 50.2 cents in every \$1,000.

While increasing levels of fraud are always a concern, at 31 cents in every \$1,000, Australia's payment card (*debit card and credit and charge card*) fraud rate is well below the global equivalent, which is 47 cents in every \$1,000.¹ The UK has a payment card fraud rate of \$1.18 in every \$1,000.

Card-not-present (CNP) is the most common type of payment card fraud accounting for 48% of the fraud value on Australian issued credit and charge cards. This is also in line with what is observed in the UK, where CNP accounts for 54% of the payment card fraud value. CNP transactions are where the consumer and retailer don't deal face-to-face such as over the internet, phone, mail and fax.

APCA's Chief Executive Officer Chris Hamilton said, "In previous data releases we have highlighted rising levels of card-not-present and cross border fraud both in Australia and overseas. The latest figures reinforce the challenges of maintaining good security and the need for consumers to take extra care when shopping and doing business online."

After CNP fraud, counterfeit/skimming represents 32% of the total value of fraud on credit and charge cards and 40% of the total value of debit card fraud. "Skimming" is where card details are captured for the purpose of producing counterfeit duplicates.

"Unfortunately, we are now starting to see a long anticipated migration of counterfeit and skimming fraud to Australia from offshore," said Mr Hamilton.

¹ 2008 Nilson Report

MEDIA RELEASE



Industry is tackling this type of fraud through measures such as the implementation of Data Security Standards to protect credit card data, and progressive rollout of fraud resistant chip cards and chip reading terminals.

“We estimate that within the next two to three years, the vast majority of Australian consumer cards will carry a chip and most processing terminals will be capable of using chip technology. Once transactions use chip-based authentication, opportunities for counterfeiting and skimming disappear,” said Mr Hamilton.

“Australia’s comparatively low level of fraud reflects the industry’s efforts in timely, targeted fraud prevention,” said Mr Hamilton.

Fraud remains a fraction of an overall increasing number of payments. Of the 3.8 billion plus transactions made on Australian issued cards in the 12 months to 30 June 2008, about 400,000 were fraudulent – or just over 1 in every 10,000 transactions.

“It’s important to remember that consumers are not held liable if fraudulent transactions are made with their cards or account information,” added Mr Hamilton.

APCA’s [fraud data collection](#) is available at www.apca.com.au.

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Further information

Contact: Ida Turner
Communications
P: (02) 9216 4817

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 2008 Annual Review online at www.apca.com.au

Fraud Perpetrated on Australian Issued Payment Instruments						
1 July 2007 - 30 June 2008						
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	1,742	\$14,553,976	392,497	\$1,765,896	0.0004%	0.0008%
Debit Card	44,542	\$15,494,628	2,069,085	\$209,782	0.0022%	0.0074%
Credit / Charge	361,124	\$131,729,930	1,820,587	\$262,481	0.0198%	0.0502%
Total	407,408	\$161,778,534	4,282,169	\$2,238,159	0.0095%	0.0072%

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
	to June 2008	1,742	\$14,553,976	392,497	\$1,765,896	0.0004%	0.4	0.0008%	0.82	\$8,355
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	39,961 r	\$14,098,691 r	1,890,450	\$197,501	0.0021% r	2.1 r	0.0071% r	7.14 r	\$353 r
	to Dec 2007	44,823	\$14,389,122	1,957,035	\$200,761	0.0023%	2.3	0.0072%	7.17	\$321
	to June 2008	44,542	\$15,494,628	2,069,085	\$209,782	0.0022%	2.2	0.0074%	7.39	\$348
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	275,528 r	\$90,914,825 r	1,674,964	\$235,419	0.0164% r	16.4 r	0.0386% r	38.62 r	\$330 r
	to Dec 2007	326,186	\$112,143,145 r	1,758,296	\$250,626	0.0186%	18.6	0.0447% r	44.75 r	\$344 r
	to June 2008	361,124	\$131,729,930	1,820,587	\$262,481	0.0198%	19.8	0.0502%	50.19	\$365
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	317,480	\$128,927,763	3,997,128	\$2,175,810	0.0079%	7.9	0.0059%	5.93	\$406
	to Dec 2007	372,570	\$140,844,340	4,126,894	\$2,250,765	0.0090%	9.0	0.0063%	6.26	\$378
	to June 2008	407,408	\$161,778,534	4,282,169	\$2,238,159	0.0095%	9.5	0.0072%	7.23	\$397

Note: r = Revised statistics