

Sydney: 17 December 2013

## Payments fraud in Australia

Payments fraud data released today by the Australian Payments Clearing Association, the payments industry self-regulatory body, show that the total fraud on **cheques and Australian-issued payment cards** increased by 2% to \$290 million over the year to 30 June 2013. The rate of cheque fraud increased against a decline in overall cheque volumes, whereas the rate of card fraud decreased slightly as overall card activity continued to grow.

The new figures, for the 12 months to 30 June 2013, show that:

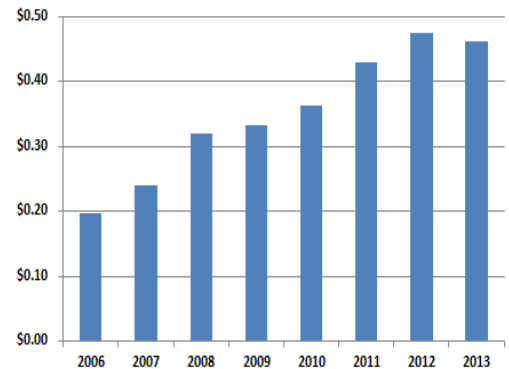
- The rate of fraud on **all Australian-issued payment cards**<sup>1</sup> *dropped* from 47.4c to 46.1c in every \$1,000 transacted.

The overall amount of payments card fraud *increased* by 1% to \$280.5 million. This is against an *increase* of 4% to \$607.9 billion on the total amount spent by Australians on their cards.

- **Cheque** fraud increased from a historic low in 2012, but *remained* under 1c in every \$1,000 transacted.

The overall amount of cheque fraud *increased* by 26% to \$9.9 million. This is against a 4% *drop* to \$1,197.0 billion in the total amount transacted on cheques.

Fraud per \$1,000 transacted on Australian payment cards (12 months to 30 June)



Today's data, including a breakdown of payment instruments by fraud categories, are available at [www.apca.com.au](http://www.apca.com.au).

The figures show that card-not-present (CNP) fraud continued to represent the bulk of fraud on Australian-issued cards over the 12 month period. CNP fraud (occurring mainly online) increased by 5% to \$198.9 million. This is against a reported increase of more than 14%<sup>2</sup> in internet shopping over the same period.

“Australians have embraced the convenience and benefits of online shopping, but need to take care as they do so. If merchants and consumers take simple precautions and make use of the security measures offered, we can all protect ourselves and beat the fraudsters”, said APCA CEO Chris Hamilton.

Information on how online retailers can protect themselves and their customers is available at [www.apca.com.au/getsmart](http://www.apca.com.au/getsmart). Retailers should look to use strong online authentication methods such as MasterCard SecureCode and Verified by Visa. Consumers are encouraged to register for and use their financial institution's online fraud prevention solutions whenever prompted.

The figures also show that counterfeit and skimming fraud on Australian-issued payment cards dropped by 29% to \$37.8 million over the 12 month period. This total consists of \$24.3 million occurring in Australia - a 4% increase - primarily due to skimming at ATMs, and \$13.5 million occurring overseas - a drop of 55%.

“It is encouraging to see the hard work of financial institutions, card schemes and law enforcement paying off. Chip technology is having a significant impact on reducing card skimming at POS terminals. The

<sup>1</sup> As from this release, APCA is no longer presenting separate fraud rates for *proprietary debit cards* and *scheme credit, debit and charge cards*. Instead, we present fraud rates for all *Australian-issued cards*. The reason for this is that the Reserve Bank no longer publishes data on activity for the separate card types. APCA will continue to release fraud data for these two card types at [www.apca.com.au](http://www.apca.com.au), but fraud rates will only be available for *Australian-issued cards*.

<sup>2</sup> NAB Online Retail Sales Index

# MEDIA RELEASE



industry is now moving towards chip-reading ATMs to close the loop on skimming fraud”, said Mr Hamilton.

Consumers can help protect against skimming fraud with simple measures like covering their hand when entering their PIN at an ATM. More tips for consumers are available at [www.apca.com.au](http://www.apca.com.au).

Today’s figures indicate that as detection tools become more sophisticated, criminals are reverting to simple theft and deception to obtain cards. Lost and stolen fraud on Australian-issued cards increased by 33% to \$30.4 million over the 12 month period. Within Australia, lost and stolen fraud increased by 32% to \$20.8 million and overseas, by 33% to \$9.6 million.

“The industry is working to make life harder for card thieves for example by phasing out signature authentication in favour of PIN by mid-2014. But nothing beats good old-fashioned vigilance – treat your card like cash and keep it safe at all times”, said Mr Hamilton.

Consumers are reminded to immediately report a lost or stolen card to their financial institution and to check their statements carefully for any unauthorised transactions.

Importantly, Australian consumers are not liable if unauthorised transactions are made with their cards and will be reimbursed their funds as long as they have taken due care.

**ENDS**

## **For further information**

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## **More tips on how to protect against online card fraud**

Tips for consumers:

- Always keep your PC security software up-to-date and do a full scan often.
- Only provide your card details on secure websites - look for the locked padlock.
- Register for, and use your financial institution’s online fraud prevention solutions whenever prompted.
- Check your account statements and report any suspicious transactions to your financial institution.

Tips for retailers:

- Use a fully hosted payment gateway provider to collect payments on your behalf.
- Watch for suspicious orders. Is the order unusually large for your business? Is the customer trying various cards in order to make a successful payment?
- Avoid shipping re-saleable goods to a temporary address (eg hotel) or to a PO box number.
- Never take payments on behalf of any other business or person.
- Only make refunds to the card originally used to pay for the goods.
- Take advantage of the tools available such as online authentication methods - MasterCard SecureCode and Verified by Visa.

**Fraud Perpetrated on Australian Cheques and Cards**  
**1 July 2012 - 30 June 2013**

|   | Fraud Transactions |                      | Total Transactions |                    | Fraud Rates                       |  |
|---|--------------------|----------------------|--------------------|--------------------|-----------------------------------|--|
|   | number             | \$                   | number (millions)  | \$ (millions)      | as % of total no. of transactions | as % of total value (\$) of transactions |
| <a href="#">Cheques</a>                                 | 770                | \$9,884,467          | 209                | \$1,196,996        | 0.0004%                           | 0.0008%                                  |
| <a href="#">Australian-issued cards</a>                 | 1,373,025          | \$280,505,562        | 5,871              | \$607,874          | 0.0234%                           | 0.0461%                                  |
| - <a href="#">Proprietary debit cards</a>               | 52,098             | \$18,213,277         | N/A                | N/A                | N/A                               | N/A                                      |
| - <a href="#">Scheme credit, debit and charge cards</a> | 1,320,927          | \$262,292,285        | N/A                | N/A                | N/A                               | N/A                                      |
| <b>Total</b>  | <b>1,373,795</b>   | <b>\$290,390,029</b> | <b>6,080</b>       | <b>\$1,804,870</b> | <b>0.0226%</b>                    | <b>0.0161%</b>                           |

**Summary Results**

| 12 month period to:            | Fraud Transactions |               | Total Transactions |               | Fraud Rates                       |  |  |                                | average value of fraud transactions (\$) |
|--------------------------------|--------------------|---------------|--------------------|---------------|-----------------------------------|--|--|--------------------------------|--|
|                                | number             | \$            | number (millions)  | \$ (millions) | as % of total no. of transactions | as occurrence per 100,000 transactions | as % of total value (\$) of transactions | per \$1,000 transacted (cents) |  |
| <b>Cheques</b>                 |                    |               |                    |               |                                   |  |  |                                |  |
| Jun 2007                       | 1,991              | \$23,914,248  | 437                | \$1,773,411   | 0.0005%                           | 0.5                                    | 0.0013%                                  | 1.3 c                          | \$12,011                                 |
| Jun 2008                       | 1,347              | \$9,756,486   | 395                | \$1,773,431   | 0.0003%                           | 0.3                                    | 0.0006%                                  | 0.6 c                          | \$7,243                                  |
| Jun 2009                       | 1,533              | \$13,274,008  | 351                | \$1,500,299   | 0.0004%                           | 0.4                                    | 0.0009%                                  | 0.9 c                          | \$8,659                                  |
| Jun 2010                       | 1,445              | \$16,894,968  | 311                | \$1,496,154   | 0.0005%                           | 0.5                                    | 0.0011%                                  | 1.1 c                          | \$11,692                                 |
| Jun 2011                       | 932                | \$11,696,682  | 275                | \$1,345,737   | 0.0003%                           | 0.3                                    | 0.0009%                                  | 0.9 c                          | \$12,550                                 |
| Jun 2012                       | 719 r              | \$7,858,755 r | 241                | \$1,242,060   | 0.0003%                           | 0.3                                    | 0.0006%                                  | 0.6 c                          | \$10,930                                 |
| Jun 2013                       | 770                | \$9,884,467   | 209                | \$1,196,996   | 0.0004%                           | 0.4                                    | 0.0008%                                  | 0.8 c                          | \$12,837                                 |
| <b>Australian-issued cards</b> |                    |               |                    |               |                                   |  |  |                                |  |
| Jun 2007                       | 322,099            | \$104,123,756 | 3,592              | \$433,922     | 0.0090%                           | 9.0                                    | 0.0240%                                  | 24.0 c                         | \$323                                    |
| Jun 2008                       | 421,067            | \$151,145,179 | 3,911              | \$474,091     | 0.0108%                           | 10.8                                   | 0.0319%                                  | 31.9 c                         | \$359                                    |
| Jun 2009                       | 531,580            | \$167,409,053 | 4,204              | \$504,033     | 0.0126%                           | 12.6                                   | 0.0332%                                  | 33.2 c                         | \$315                                    |
| Jun 2010                       | 770,213            | \$190,993,872 | 4,510              | \$525,433     | 0.0171%                           | 17.1                                   | 0.0363%                                  | 36.3 c                         | \$248                                    |
| Jun 2011                       | 951,207            | \$238,784,047 | 4,922 r            | \$555,236 r   | 0.0193%                           | 19.3                                   | 0.0430%                                  | 43.0 c                         | \$251                                    |
| Jun 2012                       | 1,208,228          | \$277,209,249 | 5,377 r            | \$584,576 r   | 0.0225%                           | 22.5                                   | 0.0474%                                  | 47.4 c                         | \$229                                    |
| Jun 2013                       | 1,373,025          | \$280,505,562 | 5,871              | \$607,874     | 0.0234%                           | 23.4                                   | 0.0461%                                  | 46.1 c                         | \$204                                    |
| <b>Total</b>                   |                    |               |                    |               |                                   |  |  |                                |  |
| Jun 2007                       | 324,090            | \$128,038,004 | 4,029              | \$2,207,333   | 0.0080%                           | 8.0                                    | 0.0058%                                  | 5.8 c                          | \$395                                    |
| Jun 2008                       | 422,414            | \$160,901,665 | 4,305              | \$2,247,522   | 0.0098%                           | 9.8                                    | 0.0072%                                  | 7.2 c                          | \$381                                    |
| Jun 2009                       | 533,113            | \$180,683,061 | 4,556              | \$2,004,332   | 0.0117%                           | 11.7                                   | 0.0090%                                  | 9.0 c                          | \$339                                    |
| Jun 2010                       | 771,658            | \$207,888,840 | 4,821              | \$2,021,587   | 0.0160%                           | 16.0                                   | 0.0103%                                  | 10.3 c                         | \$269                                    |
| Jun 2011                       | 952,139            | \$250,480,729 | 5,197              | \$1,900,973   | 0.0183%                           | 18.3                                   | 0.0132%                                  | 13.2 c                         | \$263                                    |
| Jun 2012                       | 1,208,947          | \$285,068,004 | 5,618              | \$1,826,636   | 0.0215%                           | 21.5                                   | 0.0156%                                  | 15.6 c                         | \$236                                    |
| Jun 2013                       | 1,373,795          | \$290,390,029 | 6,080              | \$1,804,870   | 0.0226%                           | 22.6                                   | 0.0161%                                  | 16.1 c                         | \$211                                    |

N/A = Not Available. The data required to calculate these figures are no longer published by the RBA. r = Figures have been revised.