



Sydney: 12 July 2012

Payments fraud in Australia

The Australian Payments Clearing Association (APCA), the payments industry self-regulatory body, today released payments fraud statistics across all financial institutions to help inform and protect Australian consumers and businesses.

APCA has been publishing fraud statistics twice-yearly since the end of 2006. Today's statistics show the total number and value of cheque and payment card fraud in Australia for the 12 months to the end of December 2011. These statistics are available at www.apca.com.au.

The figures show that total payments fraud (*cheques and payment cards*) in Australia increased from 11.4 cents to 16.2 cents in every \$1,000 transacted over the past 12 months. Comparing each of the major categories of fraud for calendar years 2010 and 2011 finds:

- **Cheque fraud** fell from 1.3 cents to 0.7 of a cent in every \$1,000 transacted. The incidence of cheque fraud remained low at less than 1 in every 300,000 transactions.
- **Proprietary debit card fraud** (*PIN-only cards – POS and ATM transactions*) fell from 7.9 cents to 4.9 cents in every \$1,000 transacted. The incidence of debit card fraud dropped from 2.5 to 1.3 in every 100,000 transactions.
- **Scheme credit, debit and charge card fraud** (*signature-permitted debit, credit and charge cards and card-not-present (CNP) transactions*) increased from 67.2 cents to 96.0 cents in every \$1,000 transacted. The incidence of fraud on these cards increased from 38.4 to 51.7 in every 100,000 transactions.

Fraud on **proprietary debit cards** remains at the levels seen prior to the skimming events on Australian point-of-sale terminals in late 2009 and early 2010. Today's skimming figures, the lowest since 2009, reflect continued hard work by the industry and law enforcement to prevent and respond quickly to fraud attempts.

The value of counterfeit and skimming fraud perpetrated in Australia on Australian and overseas-issued **scheme credit, debit and charge cards** has declined by 18% from 2010 to 2011. This can be largely attributed to the roll-out of chip-enabled cards and chip readers that provide enhanced security for card transactions at point-of-sale.

Today's figures, however, show that CNP fraud has risen. CNP is where the consumer is not face-to-face with the retailer – shopping online, by mail or by phone. The figures show that CNP fraud accounts for 71% of fraud value on Australian-issued **scheme credit, debit and charge cards**, of which more than half of the fraud occurs overseas.

This increase broadly reflects growing retail activity in the online space, with many more businesses, in particular small and medium sized retailers, moving online. For those new to the online space, it can take time to implement safe and effective practices to protect against CNP fraud.

"Tackling CNP fraud requires effort from everyone, from the retailer, through financial institutions and card schemes, and in the end from the consumer," said APCA CEO Chris Hamilton. "We need Australians to know that tools to help protect against CNP fraud are readily available today. If you are a retailer selling online or a consumer shopping online, you need to be using these tools as well as other practical measures to stay safe online."

MEDIA RELEASE



To help small retailers in particular protect against CNP fraud, APCA is developing free online training on how retailers can protect themselves when using the internet to do business. To be released in the coming months, the training will focus on simple techniques that retailers can use to be aware of who they are dealing with online and to protect their customers' card details.

"This training will assist retailers protect themselves and make the most of the opportunities presented by online retailing," said Mr Hamilton.

Implementation of tools for retailers, including the use of stronger online authentication methods MasterCard SecureCode and Verified by Visa, is becoming more effective as the online industry matures.

"As cardholders become more comfortable with these tools, and as retailers make more use of them, we should expect to see CNP fraud rates come down," said Mr Hamilton. "Industry-wide measures always take time to have a noticeable effect. The introduction of chip cards is now showing up in reduced levels of counterfeit and skimming card fraud, though this was not seen immediately. These types of measures take time before having a significant impact but, as we have seen in the UK where CNP fraud levels have been steadily declining, they are effective."

Consumers can also take simple steps to stay safe online:

- Always keep your PC security software up-to-date and do a full scan often.
- Know who you are dealing with when doing business over the internet – if a deal seems too good to be true, it probably is.
- Only provide your card details on secure websites - look for the locked padlock.
- Register for the online fraud prevention solutions offered by your financial institution and use them whenever prompted.
- Check your account statements and contact your financial institution if there are any suspicious transactions.

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.

"Getting online provides great benefits for retailers and consumers. The borderless market of the digital economy means a larger customer base for retailers and more choice and great prices for Australian consumers. However, as retailers and consumers move online, they need to be aware and take the appropriate measures to protect themselves against the risks," said Mr Hamilton.

APCA's fraud data collection is available at www.apca.com.au. More information on staying safe online is available at www.staysmartonline.gov.au.

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For further information

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Fraud Perpetrated on Australian Issued Payment Instruments

1 January 2011 - 31 December 2011

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	883	8,810,956	256,444	1,279,834	0.0003%	0.0007%
Proprietary Debit Cards	39,456	13,703,816	3,006,430	281,561	0.0013%	0.0049%
Scheme Credit, Debit and Charge Cards	1,112,464	278,289,427	2,152,817	289,753	0.0517%	0.0960%
Total	1,152,803	300,804,199	5,415,691	1,851,148	0.0213%	0.0162%

Summary Results

Instrument	12 months 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	Dec 2009	1,488	12,206,027	333,008	1,500,498	0.0004%	0.4	0.0008%	0.81	8,203
	Jun 2010	1,445	16,894,968	310,638	1,496,154	0.0005%	0.5	0.0011%	1.13	11,692
	Dec 2010	1,247	18,171,905	291,073	1,418,220	0.0004%	0.4	0.0013%	1.28	14,572
	Jun 2011	932	11,696,682	274,584	1,345,737	0.0003%	0.3	0.0009%	0.87	12,550
	Dec 2011	883	8,810,956	256,444	1,279,834	0.0003%	0.3	0.0007%	0.69	9,978
Proprietary Debit Cards	Dec 2009	63,894	24,471,348	2,509,400	259,519	0.0025%	2.5	0.0094%	9.43	383
	Jun 2010	85,486	27,864,374	2,582,541	260,377	0.0033%	3.3	0.0107%	10.70	326
	Dec 2010	69,268	21,070,411	2,735,218 r	267,234 r	0.0025%	2.5	0.0079%	7.88	304
	Jun 2011	35,975	11,347,326	2,887,648 r	275,711 r	0.0012%	1.2	0.0041%	4.12	315
	Dec 2011	39,456	13,703,816	3,006,430	281,561	0.0013%	1.3	0.0049%	4.87	347
Scheme Credit, Debit and Charge Cards	Dec 2009	598,206	146,783,539	1,845,012	255,216	0.0324%	32.4	0.0575%	57.51	245
	Jun 2010	678,893 r	160,492,276 r	1,927,640	265,056	0.0352%	35.2	0.0606%	60.55	236
	Dec 2010	764,169 r	184,027,791 r	1,989,877	273,707	0.0384%	38.4	0.0672%	67.24	241
	Jun 2011	926,163 r	228,483,418 r	2,064,292 r	282,512 r	0.0449%	44.9	0.0809%	80.88	247
	Dec 2011	1,112,464	278,289,427	2,152,817	289,753	0.0517%	51.7	0.0960%	96.04	250
Total	Dec 2009	663,588	183,460,914	4,687,420	2,015,233	0.0142%	14.2	0.0091%	9.10	276
	Jun 2010	765,824	205,251,618	4,820,819	2,021,587	0.0159%	15.9	0.0102%	10.15	268
	Dec 2010	834,684	223,270,107	5,016,168	1,959,161	0.0166%	16.6	0.0114%	11.40	267
	Jun 2011	963,070	251,527,426	5,226,524	1,903,960	0.0184%	18.4	0.0132%	13.21	261
	Dec 2011	1,152,803	300,804,199	5,415,691	1,851,148	0.0213%	21.3	0.0162%	16.25	261

Note: r = revised fraud figures