M E D I A   R E L E A S E

Payments fraud in Australia

The payments fraud report released today by the Australian Payments Clearing Association (APCA), the payments industry self-regulatory body, shows that card fraud is increasing online, as chip technology continues to prove effective in tackling counterfeit fraud in Australia.

"Australia Payments Fraud – Details and Data" shows that of the $1.92 trillion Australians spent on cheques and cards in 2015, 0.025% or $469 million worth of transactions were fraudulent.

Australia's rate of card fraud increased from 58.8 cents in 2014 to 66.8 cents per $1,000 spent, driven by a 21% increase in card not present (CNP) fraud. The increase in card fraud is in line with global trends; card fraud in the UK increased from 75 pence in 2014 to 83 pence per £1,000 in 2015.

CNP fraud occurs when card details are stolen and then used to make purchases or other payments without the card, mainly online. CNP fraud – domestically and overseas - now accounts for 79% of all Australian card fraud by value, up from 77% in 2014.

On **Australian cards used overseas**:
- Counterfeit and skimming fraud *increased by* 77% to $28.1 million
- CNP fraud *increased* by 13% to $226.3 million

Acting APCA CEO Andy White said: "As the US progressively rolls-out chip technology, criminals are targeting those terminals that are still mag stripe only and Australian cards have been caught up in this fraud. Large scale data breaches are also contributing to the growing level of online card fraud."

On **Australian cards used domestically:**
- Counterfeit / skimming fraud *dropped* by 10% to $22.9 million
- CNP fraud *increased* by 38% to $136.7 million.

"Counterfeit fraud is dropping in Australia as a result of chip technology and closer cooperation between financial institutions and law enforcement. Fraud is a constant battle and as the industry's efforts prove effective in this channel, criminals are moving online."

"We're actively working with financial institutions and card schemes - through our cards forum – to explore what an industry-wide solution to online fraud could look like, that could make a real difference in this space," said Mr White.

The report outlines industry measures to prevent payments fraud including:
- *Reducing opportunities for sensitive card data to be stolen* – through tokenisation and continued efforts by merchants and service providers to comply with global security standards for cards.
- *Identifying and stopping fraudulent payments in real-time* – through chip technology and dedicated analytics tools.
- *Authenticating the cardholder* – increasingly through one-time passwords and biometrics and the mandatory use of PINs for card present transactions.

"Consumers can do simple things to help prevent online card fraud like keeping their PC security up to date and looking for the padlock before entering card details to make sure the website is secure," said Mr White.

Australian consumers are protected from personal loss caused by fraud and will be refunded as long as they have taken due care with their confidential data.

"Australia Payments Fraud – Details and Data" is available at www.apca.com.au.

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MEDIA RELEASE

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 (e.g. 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 – American Express SafeKey, Mastercard SecureCode and Verified by Visa.