

MEDIA RELEASE

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2016 Australian Payments Fraud Data Released

Fraud overwhelmingly card-not-present as payments move increasingly online

- Card and cheque fraud accounted for under 0.03% of the \$1,869 billion total transacted
- As payments move online, so too are fraudsters: card-not-present fraud* accounted for 78% of total card fraud
- Australian card fraud rates compare favourably to the UK and US, reflecting strong industry responses and availability of anti-fraud tools

The annual fraud report released today by payments industry body, Australian Payments Network has found card fraud is increasing as Australians continue to embrace the convenience of cards and spend more than ever on them. The fraud rate remains unchanged relative to the mid-year fraud statistics released by AusPayNet in December 2016. In 2016, Australians transacted a record \$714.5 billion on their cards; fraud accounted for \$534 million (0.074%) of this total.

The report highlights that as Australian merchants and consumers continue to embrace online platforms – there is a correlating increase in card-not-present fraud. CNP fraud increased to \$417.6 million, accounting for 78% of total card fraud in 2016.

AusPayNet CEO Leila Fourie said:

“Card-not-present fraud continues to grow as perpetrators follow increased payments activity online. Australia compares favourably to the UK and US when it comes to fraud rates – and the industry is continuing its efforts to provide fraud prevention strategies that adapt to changing payments trends.”

Dr Fourie said merchants need to use fraud prevention tools when conducting business online.

“Australia is well-advanced in fraud prevention technology, thanks to the industry’s leading investment in EMV chips, tokenisation and online customer authentication tools. Over the next year our focus is to continue to educate businesses about online fraud prevention and support the roll-out of risk-based customer authentication including investigations into how biometrics, geolocation and social media enable this,” said Dr Fourie.

The report cites recent research that highlights the growth of mobile wallets and sophisticated shopping carts and suggests that by 2020, only one-fifth of transactions will involve the input of card details in Internet browsers.

“As Australia transitions towards even higher levels of online payments, customers and merchants need to increase security awareness,” said Dr Fourie.

Merchants need to work with their existing providers – acquiring bank, payments gateway provider, and/or website developer – to implement solutions that can detect and stop fraudulent payments.

Merchants can access AusPayNet’s free [‘Get Smart About Card Fraud Online’](#) training course – which teaches small and medium businesses about how to protect themselves and their customers from online card fraud.

“We will be launching a new education program that builds on the existing training program in the coming year,” said Dr Fourie.

Consumers can take simple steps to protect against card-not-present fraud, such as looking for the locked padlock on websites before entering their card details and making sure their PC security software is up to date.

Australian consumers are not liable if any fraudulent transactions are made on their accounts, and will be reimbursed as long as they have taken due care.

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Notes for Editors

Fraud Prevention Tips

Merchants can help protect against online card fraud by:

- Using a fully hosted payment gateway provider to collect their payments.
- Watching for suspicious orders. Is the order unusually large for their business? Is the customer trying various cards in order to make a successful payment?
- Avoiding shipping re-saleable goods to a temporary address (e.g. hotel) or to a PO box number.
- Never taking payments on behalf of any other business or person.
- Only making refunds to the card originally used to pay for the goods.
- Taking advantage of the tools available such as online authentication methods – American Express SafeKey, Mastercard SecureCode and Verified by Visa.

Consumers can take simple steps such as:

- Always keeping their PC security software up-to-date and doing a full scan often.
- Only providing their card details on secure websites - looking for the locked padlock.
- Registering for, and using their financial institution's online fraud prevention solutions whenever prompted.
- Checking statements carefully and reporting any suspicious transactions to their financial institution.

Definitions

Card Not Present (CNP) Fraud: occurs when valid card details are stolen and then used to make purchases or other payments without the physical card, mainly online or by phone.

Risk-based customer authentication: authentication of customers for particular transactions that are considered high-risk because they are outside the customer's usual spending patterns.

EMV: the global interoperability standard (originally developed by Europay, MasterCard and VISA) defines how smart cards embedded with a chip interact with terminals for authenticating credit and debit card transactions.

Methodology

AusPayNet has been publishing the fraud statistics it collects from financial institutions twice-yearly since 2006. The aggregated data helps inform businesses and consumers about payments fraud issues, and assists financial institutions in monitoring fraud trends and developing targeted mitigation strategies.

About Australian Payments Network (AusPayNet)

Australian Payments Network (formerly Australian Payments Clearing Association) is the self-regulatory body for Australia's payments industry. We have more than 130 members and participants, including Australia's leading financial institutions, major retailers, payments system operators – such as major card schemes – and other payments service providers.