MEDIA RELEASE

Sydney: 15 December 2011

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 November 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 June 2011 and are available at www.apca.com.au.

The figures show that total payments fraud (*cheques and payment cards*) in Australia increased from 9.9 cents to 12.2 cents in every $1,000 transacted over the past 12 months. Within this total (comparing years ending June 2010 and June 2011):

- **Cheque fraud** *dropped* from 1.1 cents to 0.9 of a cent in every $1,000 transacted. The incidence of cheque fraud remained low at less than 1 in every 100,000 transactions.
- **Proprietary debit card fraud** (*PIN-only cards – POS and ATM transactions*) *dropped* from 10.7 cents to 4.1 cents in every $1,000 transacted. The incidence of debit card fraud dropped from 3.3 to 1.2 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 58.9 cents to 74.3 cents in every $1,000 transacted. The incidence of fraud on these cards increased from 34.6 to 41.9 in every 100,000 transactions.

Fraud on **proprietary debit cards** has returned to the low levels seen before the well-publicised skimming episodes on Australian POS terminals in late 2009 and early 2010. Hard work by the industry and law enforcement in response to these episodes has contributed to today's skimming figures being the lowest since June 2006.

Today's data release includes evidence that chip technology is continuing to help protect Australian businesses and consumers from counterfeit and skimming fraud. Counterfeit and skimming fraud perpetrated in Australia on Australian-issued **scheme credit, debit and charge cards**, after several recent falls, has remained steady with a 1% increase by value. Chip technology is also making Australia less attractive for overseas fraudsters. Counterfeit and skimming fraud perpetrated in Australia on overseas-issued cards dropped by 34% in value and is at the lowest level since June 2006.

APCA CEO Chris Hamilton said "We expect counterfeit and skimming fraud to decrease through to 2013, when all terminals and most cards in Australia will be chip-enabled."

"Despite the increased prevalence of chip transactions, we need to remain vigilant against card skimming. Consumers should always keep their card in sight and cover their hand when entering the PIN at terminals," added Mr Hamilton.

However, today's figures show that CNP fraud is increasing. 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 now accounts for 71% of fraud value on Australian-issued **scheme credit, debit and charge cards,** of which more than half occurs overseas. This is related to the boom in Australians shopping online and in particular on overseas websites due to the high Australian dollar.

"Tackling CNP fraud requires effort from everyone, from the retailer, through financial institutions and card schemes right to the consumer," said Mr Hamilton.

"We need Australians to know that the 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 in this rapidly growing environment," added Mr Hamilton.

Retailers need to protect their customers' card details by ensuring they are compliant with PCI-Data Security Standards. They can limit the opportunities for fraud by implementing stronger authentication methods including a 3D Secure online fraud prevention solution - MasterCard SecureCode and Verified by Visa. To help retailers protect against CNP fraud, APCA is developing online training on how to protect data and stay safe when doing business over the internet, which will be released next year.

Consumers can 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.

"The simple measures taken by retailers and consumers to stay safe online have reduced the UK's CNP fraud losses by more than 30% over the last three years. We want to do better than that here," 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.

ENDS

For further information

Contact: Ida Turner
APCA Communications
P: (02) 9216 4817
M: 0409716556

Fraud Perpetrated on Australian Issued Payment Instruments

1 July 2010 - 30 June 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	932	11,696,682	274,577	1,345,079	0.0003%	0.0009%
Proprietary Debit Cards	35,975	11,347,326	2,929,873	278,405	0.0012%	0.0041%
Scheme Credit, Debit and Charge Cards	861,700	209,322,878	2,056,914	281,719	0.0419%	0.0743%
Total	898,607	232,366,886	5,261,364	1,905,203	0.0171%	0.0122%

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	Jun 2009	1,533	13,274,008	351,422	1,500,299	0.0004%	0.4	0.0009%	0.88	8,659
	Dec 2009	1,488	12,206,027	333,005	1,500,222	0.0004%	0.4	0.0008%	0.81	8,203
	Jun 2010	1,445	16,894,968	310,631	1,495,509	0.0005%	0.5	0.0011%	1.13	11,692
	Dec 2010	1,247	18,171,905	291,065	1,417,494 **r**	0.0004%	0.4	0.0013%	1.28	14,572
	Jun 2011	932	11,696,682	274,577	1,345,079	0.0003%	0.3	0.0009%	0.87	12,550
Proprietary Debit Cards	Jun 2009	48,134	19,146,795	2,449,011	257,272	0.0020%	2.0	0.0074%	7.44	398
	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	2,748,596 **r**	268,210 **r**	0.0025%	2.5	0.0079%	7.86	304
	Jun 2011	35,975	11,347,326	2,929,873	278,405	0.0012%	1.2	0.0041%	4.08	315
Scheme Credit, Debit and Charge Cards	Jun 2009	483,384	148,238,823	1,755,471	246,761	0.0275%	27.5	0.0601%	60.07	307
	Dec 2009	598,206 **r**	146,783,539 **r**	1,845,012	255,216	0.0324%	32.4	0.0575%	57.51	245
	Jun 2010	666,279 **r**	156,103,926 **r**	1,927,640	265,056	0.0346%	34.6	0.0589%	58.89	234
	Dec 2010	728,827 **r**	172,535,804 **r**	1,989,877 **r**	273,707 **r**	0.0366%	36.6	0.0630%	63.04	237
	Jun 2011	861,700	209,322,878	2,056,914	281,719	0.0419%	41.9	0.0743%	74.30	243
Total	Jun 2009	533,051	180,659,626	4,555,904	2,004,332	0.0117%	11.7	0.0090%	9.01	339
	Dec 2009	663,588	183,460,914	4,687,417	2,014,957	0.0142%	14.2	0.0091%	9.10	276
	Jun 2010	753,210	200,863,268	4,820,812	2,020,942	0.0156%	15.6	0.0099%	9.94	267
	Dec 2010	799,342	211,778,120	5,029,538	1,959,411	0.0159%	15.9	0.0108%	10.81	265
	Jun 2011	898,607	232,366,886	5,261,364	1,905,203	0.0171%	17.1	0.0122%	12.20	259

Note: r = revised figures