

# Payment Fraud Statistics

## Payment Fraud Statistics - Summary of Results Fraud Perpetrated on Australian Cheques and Cards 1 July 2015 - 30 June 2016 (Revised April 2017)

	Fraud Transactions		Total Transactions		Fraud Rates	
	number	\$	number (millions)	\$ (millions)	as % of total no. of transactions	as % of total value (\$) of transactions
<b>Cheques</b>	1,145	\$9,370,983	126	\$1,198,748	0.0009%	0.0008%
<b>Australian-issued cards</b>	2,671,158 r	\$522,180,657 r	7,666	\$703,103	0.0348%	0.0743%
- Proprietary debit cards	64,045	\$22,216,115	N/A	N/A	N/A	N/A
- Scheme credit, debit and charge cards	2,607,113	\$499,964,542	N/A	N/A	N/A	N/A
<b>Total</b>	<b>2,672,303</b>	<b>\$531,551,640</b>	<b>7,793</b>	<b>\$1,901,851</b>	<b>0.0343%</b>	<b>0.0279%</b>

### Note:

1. Data for the total number and total value of all transactions is from the RBA's Payment Data. The data for cheques is sourced from Table C6 and for cards from Tables C1, C4 and C5.
2. A break in the series occurred at the end of 2012 as a result of a change in the data available in Table C5. The RBA no longer publishes debit card data by card types but provides aggregated data for all cards. Therefore APCA is no longer able to calculate fraud rates for proprietary debit cards and scheme credit, debit and charge cards separately.
3. For cards the number of fraud transactions does not represent the number of cards or consumers affected. Typically, multiple fraud transactions are made on a single card.

r = Figures have been revised.

# Payment Fraud Statistics

## Cheque Fraud Perpetrated in Australia

1 July 2015 - 30 June 2016

Category		Actual		Exposure		Recoveries *
		Transactions	Value (\$)	Transactions	Value (\$)	Value (\$)
<b>On-Us Fraud</b>	Valueless	3	736,921	477	50,525,793	744,594
	Fraudulently Altered	409	3,260,417	670	9,940,916	750,261
	Stolen Blank Cheque / Book	452	2,439,714	1,496	11,750,984	285,323
	Originated Counterfeit Cheques	178	1,014,855	250	4,354,065	142,300
	Non-Originated Counterfeit Cheques	61	813,952	151	6,002,420	74,291
	Breach of Mandate	26	974,358	23	1,134,645	57,107
	<b>On-Us Total</b>	<b>1,129</b>	<b>9,240,217</b>	<b>3,067</b>	<b>83,708,823</b>	<b>2,053,876</b>
<b>Deposit Fraud</b>	Valueless	9	30,005	290	29,171,031	70,565
	Valueless - Kite Flying	2	8,000	35	1,056,856	2,750
	Third Party Conversion	5	92,761	31	530,502	89,666
	<b>Deposit Total</b>	<b>16</b>	<b>130,766</b>	<b>356</b>	<b>30,758,389</b>	<b>162,981</b>
<b>Total</b>	<b>1,145</b>	<b>9,370,983</b>	<b>3,423</b>	<b>114,467,212</b>	<b>2,216,857</b>	

\* Data on the 'transactions' of recoveries is not collected.

"Actual" losses can relate to "Exposure" during an earlier period. This explains why, in some reporting periods, actual losses may exceed exposure.

# Payment Fraud Statistics

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## ***Explanation of Cheque Fraud Categories***

### ***On-us Fraud***

On-us cheque fraud includes cheques issued by Financial Institution X and deposited back into Financial Institution X. Categories for On-UUs Fraud include:

- Valueless - Covers cheques drawn on an account where there appears to be suspicious circumstances or where it is thought that the Cheque is stolen or forged or in any other way is fraudulently issued and action is taken in terms of Rule 4.4 in Schedule 10.
- Fraudulently Altered Cheques :
  - Payee Only - cheques that have been altered to show payee details other than those originally authorized by the drawer and where no other area of the cheque has been altered.
  - Amount Only - cheques that have been altered to show \$-amount details other than those originally authorized by the drawer and where no other area of the cheque has been altered.
  - Both Payee AND Amount - Cheques that have been altered to show payee details AND \$-amount details other than those originally authorized by the drawer and where no other area of the cheque has been altered.

Note: Fraudulently altered cheques do not include cheques with forged signatures. These are included in Stolen Blank Cheque/Book and Originated or Non-Originated Counterfeit Cheques.

Where alterations are made to the MICR line, items are included in the counterfeit category

- Stolen Blank Cheque/Book - this includes original stolen blank cheques that are written or marked in order to be passed off as if by the legitimate signatory. Includes forged makers mark.
- Originated Counterfeit Cheques - originated counterfeit cheques are produced using the paper of the original cheque to create a new, unauthorized cheque. Techniques used in this process include washing, laser printing, scanning and desk-top publishing.
- Non-originated Counterfeit Cheques - non-originated counterfeit cheques made on new paper to create a new, unauthorized cheque. Techniques used in this process include laser printing, photocopying, scanning and desk-top publishing. This category also includes items where the MICR line has been altered.
- Breach of Mandate – this involves payment of cheques which do not follow the original instructions or arrangements set up. That is, the cheque may require two signatories but the financial institution, through error, allows only one signatory. Other examples include a cheque drawn by a designated authority such as Financial Officer or Accountant and used for fraudulent purposes.

### ***Deposit Fraud***

- Valueless - Covers cheques deposited to an account knowing that these cheques should not be honoured on presentation by the drawee financial institution as they are valueless (lack of funds), counterfeit, reported stolen, have been fraudulently altered or are in breach of mandate (e.g. do not contain required number of signatures).

Note: This category excludes customer cheques dishonoured or returned for lack of funds where cheques were drawn in error, that is, there was no intent to defraud.

- Valueless: Kite Flying - the activity of depositing valueless cheques and making withdrawals against those valueless cheques, between accounts owned by the same person. Also called round robin transactions.
- Third Party Conversion - this category includes unaltered cheques which have been deposited to an account other than the payee. This arises where the financial institution has made insufficient enquiry or verification of the depositor regarding their title to the cheque. It also includes cheques where there are two payees but the financial institution has allowed one payee to deposit the amount into their personal account without authority from the other payee.

# Payment Fraud Statistics

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## Proprietary Debit Cards Fraud Perpetrated in Australia

1 July 2015 - 30 June 2016

Category		Transactions	Value (\$)
<b>Debit Card Fraud - PIN Used</b>	Lost / Stolen	10,156	2,594,502
	Never Received	3,694	1,454,666
	Counterfeit / Skimming	45,912	16,840,961
	Other	3,129	1,082,144
	<b>PIN Used Total</b>	<b>62,891</b>	<b>21,972,273</b>
<b>Debit Card Fraud - PIN Not Used</b>	Lost / Stolen	518	55,321
	Never Received	107	22,295
	Counterfeit / Skimming	498	109,971
	Other	31	56,255
	<b>PIN Not Used Total</b>	<b>1,154</b>	<b>243,842</b>
<b>Total Debit Card Fraud</b>		<b>64,045</b>	<b>22,216,115</b>

**Note:** For fraudulent transactions initiated at ATMs, POS terminals and other devices, the above statistics incorporate all transactions where either "cheque" or "savings" was selected, regardless of the type of card used (that is debit card, 'combo' card, scheme card etc). The number of fraud transactions does not represent the number of cards or consumers affected. Typically, multiple fraud transactions are made on a single card.

### ***Explanation of Proprietary Debit Cards Fraud Categories***

- Lost/Stolen - fraud resulting from the loss or theft of an existing card and a fraudulent transaction has taken place.
- Card Never Received - fraud where a card has been intercepted (stolen) during delivery to the customer and used before it was received by the customer.
- Counterfeit/Skimming - the use of altered or illegally reproduced cards including the replication/alteration of the magnetic stripe and/or changes to the details on the face of the card with intent to defraud. Skimming is a form of magnetic-stripe counterfeiting in which criminals are able to copy magnetic stripe track information (including Card Verification Value - CVV) from a valid card. Information is then encoded on a counterfeit or stolen card and then used fraudulently.
- Other - fraud that cannot be categorized under any of the other fraud type categories. This includes identity takeover and false applications etc.

# Payment Fraud Statistics

## Scheme Credit, Debit and Charge Card Fraud Perpetrated in Australia and Overseas on Australia-issued Cards

1 July 2015 - 30 June 2016 (Revised April 2017)

Category	In Australia		Overseas		Total	
	Transactions	Value (\$)	Transactions	Value (\$)	Transactions	Value (\$)
Lost / Stolen	256,530	19,581,565	49,236	14,750,355	305,766	34,331,920
Never Received	77,565	7,466,243	2,804	630,883	80,369	8,097,127
Fraudulent Application	6,000	1,157,260	3,491	1,480,807	9,491	2,638,067
Counterfeit / Skimming	21,803	7,084,850	99,201	39,847,611	121,004	46,932,461
Card Not Present (CNP)	736,167	156,462,514	1,319,062	246,017,231	2,055,229	402,479,745
Other	14,631	2,731,979	20,623	2,753,245	35,254	5,485,223
<b>Total</b>	<b>1,112,696</b>	<b>194,484,410</b>	<b>1,494,417</b>	<b>305,480,133</b>	<b>2,607,113</b>	<b>499,964,542</b>

### Fraud Perpetrated in Australia on Cards Issued Overseas

Category	Transactions	Value (\$)
Lost / Stolen	16,533	3,401,478
Never Received	704	77,099
Fraudulent Application	480	141,398
Counterfeit / Skimming	33,107	8,787,807
Card Not Present (CNP)	222,335	55,408,231
Other	1,293	570,570
<b>Total</b>	<b>274,452</b>	<b>68,386,582</b>

**Note:** The number of fraud transactions does not represent the number of cards or consumers affected. Typically, multiple fraud transactions are made on a single card.

#### ***Explanation of Scheme Credit, Debit and Charge Cards Fraud Categories***

- Lost/Stolen Card - fraud resulting from the loss or theft of an existing card and a transaction has taken place without the cardholder's consent or authority.
- Card Never Received - fraud where a card has been intercepted (stolen) during delivery to the customer and used before it was received by the customer.
- Fraudulent Application - fraudulent applications are applications for card accounts using a fictitious identity, using someone else's identity or providing false information during the application process.
- Counterfeit/Skimming - the use of altered or illegally reproduced cards including the replication/alteration of the magnetic stripe and changes to the details on the face of the card with intent to defraud. Skimming is a form of magnetic stripe counterfeiting in which criminals are able to copy magnetic stripe track information (including Card Verification Value - CVV) from a valid card. Information is then encoded on a counterfeit or stolen card and used fraudulently.
- Card Not Present (CNP) - the use of account information including pseudo account information without the physical card being involved, via the phone, mail, Internet etc. without the authority of the cardholder. This category also includes fraud where a card should normally be present (eg: in a retail transaction) but a merchant has chosen to accept the transaction based on a card number only and it turns out to be a fraudulent transaction.
- Other - fraud that cannot be categorised under any of the other Fraud Type categories. For example fraud using imprints of cards at merchants, or use of an existing account without the authority of the cardholder by a person who gains access to and use of the account through an unauthorized means, such as a fraudulent change of address or request for re-issuance of cards (but not lost or stolen cards).