

# Payment Fraud Statistics

## Payment Fraud Statistics - Summary of Results Fraud Perpetrated on Australian Cheques and Cards 1 January 2018 - 31 December 2018 (Revised October 2019)

	Fraud Transactions		Total Transactions		Fraud Rates	
	number	Value (\$)	number (millions)	Value (\$) (millions)	as % of total no. of transactions	as % of total value (\$) of transactions
Cheques	591	\$4,374,367	70	\$824,209	0.0008%	0.0005%
Australian-issued cards	4,369,431 ^	\$576,200,244 ^	9,988	\$788,647	0.0437%	0.0731%
- Proprietary debit cards	52,398	\$13,388,243	N/A	N/A	N/A	N/A
- Scheme credit, debit and charge cards	4,317,033	\$562,812,001	N/A	N/A	N/A	N/A
<b>Total</b>	<b>4,370,022</b>	<b>\$580,574,611</b>	<b>10,058</b>	<b>\$1,612,856</b>	<b>0.0435%</b>	<b>0.0360%</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 AusPayNet 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.

^ = Figures have been revised.

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## Cheque Fraud Perpetrated in Australia

1 January 2018 - 31 December 2018

Category		Actual		Exposure		Recoveries *
		Transactions	Value (\$)	Transactions	Value (\$)	Value (\$)
<b>On-Us Fraud</b>	Valueless	4	\$304,500	505	\$12,313,398	\$1,505,549
	Fraudulently Altered	148	\$1,176,640	346	\$2,555,334	\$182,231
	Stolen Blank Cheque / Book	357	\$1,469,335	1,726	\$1,111,851,738	\$396,562
	Originated Counterfeit Cheques	20	\$211,395	95	\$2,475,297	\$1,108,784
	Non-Originated Counterfeit Cheques	19	\$149,876	83	\$9,881,512	\$65,000
	Breach of Mandate	2	\$430,652	9	\$1,411,731	\$5,000
	<b>On-Us Total</b>	<b>550</b>	<b>\$3,742,398</b>	<b>2,764</b>	<b>\$1,140,489,010</b>	<b>\$3,263,126</b>
<b>Deposit Fraud</b>	Valueless	23	\$207,741	275	\$5,796,815	\$474,494
	Valueless - Kite Flying	8	\$394,050	14	\$1,586,920	\$424,675
	Third Party Conversion	10	\$30,178	62	\$2,429,646	\$23,886
	<b>Deposit Total</b>	<b>41</b>	<b>\$631,969</b>	<b>351</b>	<b>\$9,813,381</b>	<b>\$923,055</b>
<b>Total</b>	<b>591</b>	<b>\$4,374,367</b>	<b>3,115</b>	<b>\$1,150,302,391</b>	<b>\$4,186,181</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-Us 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 January 2018 - 31 December 2018

Category		Transactions	Value (\$)
Debit Card Fraud - PIN Used	Lost / Stolen	13,797	\$3,410,614
	Never Received	2,577	\$1,183,484
	Counterfeit / Skimming	19,121	\$6,191,491
	Other	4,115	\$1,585,079
	<b>PIN Used Total</b>	<b>39,610</b>	<b>\$12,370,668</b>
Debit Card Fraud - PIN Not Used	Lost / Stolen	7,270	\$443,769
	Never Received	3,119	\$186,011
	Counterfeit / Skimming	463	\$149,786
	Other	1,936	\$238,009
	<b>PIN Not Used Total</b>	<b>12,788</b>	<b>\$1,017,575</b>
<b>Total Debit Card Fraud</b>		<b>52,398</b>	<b>\$13,388,243</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 January 2018 - 31 December 2018 (Revised October 2019)

Category	In Australia		Overseas		Total	
	Transactions	Value (\$)	Transactions	Value (\$)	Transactions	Value (\$)
Lost / Stolen	373,919	\$33,005,256	87,925	\$18,773,985	461,844	\$51,779,240
Never Received	25,826	\$4,361,667	1,532	\$362,838	27,358	\$4,724,505
Fraudulent Application	5,972	\$1,905,795	1,367	\$417,470	7,339	\$2,323,265
Counterfeit / Skimming	22,350	\$5,126,247	39,404	\$8,144,794	61,754	\$13,271,040
Card Not Present (CNP)	2,044,919	\$258,589,138	1,708,814	\$230,452,467	3,753,733	\$489,041,605
Other	2,854	\$1,063,158	2,151	\$609,187	5,005	\$1,672,345
<b>Total</b>	<b>2,475,840</b>	<b>\$304,051,260</b>	<b>1,841,193</b>	<b>\$258,760,740</b>	<b>4,317,033</b>	<b>\$562,812,001</b>

### Fraud Perpetrated in Australia on Cards Issued Overseas

Category	Transactions	Value (\$)
Lost / Stolen	24,628	\$3,265,740
Never Received	1,147	\$111,292
Fraudulent Application	1,765	\$145,767
Counterfeit / Skimming	21,979	\$5,806,961
Card Not Present (CNP)	378,334	\$71,490,622
Other	4,465	\$1,448,466
<b>Total</b>	<b>432,318</b>	<b>\$82,268,848</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).