



Representing. Informing. Advancing. New Card and Banking Fraud Figures

- Fraud on debit and credit cards fell by more than a quarter in 2009 to £440.3m
- Counterfeit card fraud (skimming and cloning) fell by over a half
- Online banking fraud losses rose by 14% to £59.7m
- Cheque fraud fell 29% from £41.9m to £29.8m

New figures released today (10 March 2010) show that total fraud losses on UK cards fell by 28 per cent between 2008 and 2009 to £440.3 million – a decrease of £170 million on the previous year's total. The combined force of industry initiatives such as: chip and PIN; the increasing use of sophisticated fraud detection tools by banks and retailers; and the work of the DCPCU^[1], the banking-sponsored special police unit, have all helped contribute to this fall. It is the first time that card fraud has decreased since 2006.

Online banking losses totalled £59.7 million in 2009 – a 14 per cent rise on the 2008 figure. This increase is largely due to criminals using more sophisticated methods to target online banking customers through malware, which targets vulnerabilities in customers' PCs, rather than the banks' own systems which are more difficult to attack. There were also more than 51,000 phishing incidents recorded during 2009 – a 16 per cent increase on the amount seen in 2008. Unfortunately some customers are still falling victim to these scams. Help and advice on preventing all types of online banking fraud is available at www.banksafeonline.org.uk.

Phone banking fraud losses were collated for the first time in 2009 and totalled £12.1 million. Most losses involve customers being duped into disclosing security details - through cold calling or fake emails - which the criminal then uses to commit fraud.

Cheque fraud losses decreased from £41.9 million in 2008 to £29.8 million in 2009. The overwhelming majority of attempted cheque frauds get stopped before the cheque is paid. The industry's ongoing work to prevent cheque fraud - particularly through its use of fraud prevention profiling - has played a key part in driving these losses down. The continuing decline in cheque usage has also played a part in the 29 per cent fall in overall cheque fraud losses. Fraud on guaranteed cheques fell to £0.7 million last year. The UK Domestic Cheque Guarantee Card Scheme is closing on 30 June 2011, meaning that it will no longer be possible to guarantee a cheque under the Scheme after this date.

Unlike many other countries in the world, in the UK innocent victims of any type of payment fraud on their debit or credit card or account are protected and should not suffer any financial loss.

Melanie Johnson, Chair of The UK Cards Association, which represents UK credit and debit card providers said:

"The cards industry sees fighting fraud as a key part of keeping its customers' interests centre-stage. We are committed to a wide range of measures to ensure customers feel confident, safe and secure when they use their credit and debit cards - whether in a shop, abroad, online, at a cash machine or anywhere else.

"And a fall in card fraud is good news for everyone - UK consumers, retailers and the industry. We recognise that cards will always be targeted by criminals, so we are determined not only to continue to prevent, detect and deter those who are behind this type of crime, but also to make sure that innocent victims don't lose out."

David Cooper, Chairman of the Fraud Control Steering Group, the payment industry's leading fraud prevention group, said of the non-plastic related fraud losses:

"Although online banking fraud losses have shown a year-on-year increase, card fraud remains a main focus of criminal activity. However, the industry remains committed to containing and reducing all areas of fraud. To this end, we will continue our partnership approach – working with law enforcement, retailers, consumers and the Home Office – to tackle fraud head-on."

There is no one single reason for the drop in card fraud, rather it is the result of a number of initiatives including:

- The success of chip and PIN – the types of fraud that this system was brought in to tackle have dropped significantly. Fraud on lost and stolen cards is now at its lowest level for two decades and counterfeit card fraud losses have also fallen and are at their lowest level since 1999. Losses at UK retailers have fallen by 67 per cent since 2004; lost and stolen card fraud fell by 58 per cent between 2004 and 2009; and mail non-receipt fraud has fallen by 91 per cent since 2004. Additionally, the cards industry continues to work closely with the retail community to raise awareness of the ways in which retailers can protect their chip and PIN terminals from criminal attack.
- Reasons behind the decrease in phone, internet and mail order shopping fraud (card-not-present fraud) include the increasing use of sophisticated fraud screening detection tools by retailers and banks, as well as the continuing growth in the use of MasterCard SecureCode and Verified by Visa (online fraud prevention solutions that make cards more secure when online shopping), by both online retailers and cardholders. These losses fell by 19% and it is the first time that this type of fraud has shown a year-on-year decrease.
- The work of the Dedicated Cheque and Plastic Crime Unit (DCPCU) – the industry-sponsored special police unit, has proven highly successful; figures show that it has been responsible for keeping approximately £340 million of customers' money out of criminal hands since its launch in 2002.
- There has also been a significant decrease in fraud abroad which fell by 47% to £122.7m. One of the factors causing this is the fraud detection systems used by the banks and card companies, which monitor for unusual spending - meaning that potential fraud is stopped before it happens.

Fraud figures released by the National Fraud Authority (NFA) on 21 January 2010 also serve to put these banking fraud losses into perspective. The NFA estimated that fraud in all its guises costs the UK over £30 billion a year – card and banking fraud accounts for less than 2 per cent of this figure.

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For further information contact the press office on 020 7711 6251/316/340.

Note to editors:

Annual plastic card fraud losses on UK-issued cards 2005 to 2009

Card Fraud Type – on UK issued credit and debit cards	2005	2006	2007	2008	2009	+/- (08/09)

Phone, internet and mail order fraud (Card-not-present fraud)	£183.2m	£212.7m	£290.5m	£328.4m	£266.4m	-19%
Counterfeit (skimmed/cloned) fraud	£96.8m	£98.6m	£144.3m	£169.8m	£80.9m	-52%
Fraud on lost or stolen cards	£89.0m	£68.5m	£56.2m	£54.1m	£47.9m	-11%
Card ID theft	£30.5m	£31.9m	£34.1m	£47.4m	£38.2m	-20%
Mail non-receipt	£40.0m	£15.4 m	£10.2m	£10.2m	£6.9m	-32%
TOTAL	£439.4m	£427.0m	£535.2m	£609.9m	£440.3m	-28%
Contained within this total:						
UK retail face-to-face transactions	£135.9m	£72.1m	£73.0m	£98.5m	£72.1m	-27%
UK cash machine fraud	£65.8m	£62.0m	£35.0m	£45.7m	£36.7m	-20%
Domestic/International split of total figure:						
UK fraud	£356.6m	£309.9m	£327.6m	£379.7m	£317.7m	-16%
Fraud abroad	£82.8m	£117.1m	£207.6m	£230.1m	£122.7m	-47%

Annual online and phone banking losses 2005 to 2009

	2005	2006	2007	2008	2009	+/- (08/09)
Online banking fraud losses	£23.2m	£33.5m	£22.6m	£52.5m	£59.7m	+14%
Phone banking fraud losses	-	-	-	-	£12.1m	n/a

Online banking fraud:	1,700	14,156	25,797	43,991	51,161	+16%
No of phishing attacks						

Cheque fraud losses 2005 to 2009

	2005	2006	2007	2008	2009	+/- (08/09)
Forged cheque fraud	£30.9m	£22.4m	£20.5m	£17.4m	£15.7m	-10%
Fraudulently altered cheques	£6.2m	£6.1m	£9.2m	£16.9m	£9.3m	-45%
Counterfeit cheques	£3.2m	£2.1m	£3.8m	£7.6m	£4.7m	-37%
TOTAL	£40.3m	£30.6m	£33.5m	£41.9m	£29.8m	-29%

* Due to rounding, the sum of separate items may differ from the totals shown.

1 The UK Cards Association is the leading trade association for the cards industry in the UK. With a membership that includes all major credit, debit and charge card issuers, and card acquiring banks, the role of the Association is both to unify and represent the UK card payments industry. It is responsible for formulating and implementing policy on non-competitive aspects of card payments including codes of practice, fraud prevention, major infrastructural changes, development of standards and other matters where cross-industry benefits are identified. More information about The UK Cards Association is available at www.theukcardsassociation.org.uk.

2 Financial Fraud Action UK is the umbrella under which the financial services industry co-ordinates its activity on fraud prevention, presenting a united front against financial fraud and its effects. Financial Fraud Action UK (www.financialfraudaction.org.uk) works in partnership with The UK Cards Association on industry initiatives to prevent fraud on credit and debit cards, with the Fraud Control Steering Group on non-card fraud and the Cheque & Credit Clearing Company on credit clearing and cheque fraud.

3 The Fraud Control Steering Group is an unincorporated association of financial institutions who participate in retail banking and the payments market in the UK. It is responsible for formulating and implementing policy and ensuring a co-ordinated industry approach to fighting payment, cheque and lending fraud.

4 The Cheque & Credit Clearing Company (C&CCC) is the industry body that manages the cheque clearing system in Great Britain, including the processing of bankers' drafts, building society cheques, postal orders, warrants and government payable orders. Its wide remit also covers the management of the systems for clearing paper bank giro credits and euro-denominated cheques. C&CCC shares information with Financial Fraud Action UK regarding fraudulent activity in the cheque and credit clearing world.

5 The Dedicated Cheque and Plastic Crime Unit (DCPCU) is a squad of specialist police officers and civilian staff set up in April 2002 to tackle the organised gangs responsible for much of the UK's card and cheque fraud. It is fully sponsored by the banking industry.

[1] Dedicated Cheque and Plastic Crime Unit