

## Press Release

### Fraud abroad pushes up losses on UK cards following two-year fall

**- Card fraud losses up by 25%: increase is driven by £90.5 million rise in fraud abroad as more UK card details stolen for use in countries yet to upgrade to chip and PIN**

**- UK continues to benefit from implementation of chip and PIN: other countries urged to follow suit**

**- Online banking fraud losses down 33% to £22.6 million**

2007 card fraud figures released today (12 March 2008) by APACS, the UK payments association, show that total card fraud losses rose by 25 per cent in the past year to £535.2m. A key driver behind this is the 77 per cent increase (up £90.5m) in fraud committed overseas by criminals using stolen UK card details – which typically occurs in those countries yet to upgrade to chip and PIN. Fraud abroad now accounts for over one third (39 per cent) of total card fraud losses.

### Credit and debit card fraud losses on UK-issued cards

Fraud Type	2004	2005	2006*	2007	+/- (06/07)
Phone, internet and mail order fraud (Card-not-present fraud)	£150.8m	£183.2m	£212.7m	<b>£290.5m</b>	+37%
Counterfeit (skimmed/cloned) card fraud	£129.7m	£96.8m	£98.6m	<b>£144.3m</b>	+46%

Fraud on lost or stolen cards	£114.4m	£89.0m	£68.5m	<b>£56.2m</b>	-18%
Card ID theft	£36.9m	£30.5m	£31.9m	<b>£34.1m</b>	+7%
Mail non-receipt	£72.9m	£40.0m	£15.4m	<b>£10.2m</b>	-34%
<b>TOTAL</b>	<b>£504.8m</b>	<b>£439.4m</b>	<b>£427.0m</b>	<b>£535.2m</b>	<b>+25%</b>

**Contained within this total:**

UK retailer (face-to-face transactions)	£218.8m	£135.9m	£72.1m	<b>£73.0m</b>	+1%
UK cash machine fraud	£74.6m	£65.8m	£62.0m	<b>£35.0m</b>	-44%

**Domestic/International split of total figure:**

UK fraud	£412.3m	£356.6m	£309.9m	<b>£327.6m</b>	+6%
Fraud abroad	£92.5m	£82.8m	£117.1m	<b>£207.6m</b>	+77%

\* Total plastic card fraud losses for 2006 were revised to include restated figures reported after the annual figure for 2006 was made public. The adjusted annual fraud loss figure for 2006 is £427.0m and not £428.0m, as previously reported.

Chip and PIN continues to have a hugely positive effect on card fraud committed in the UK. Over the past three years losses on face-to-face transactions on the UK high street have fallen by two-thirds from £218.8m in 2004, to £73.0m last year. Thanks to chip and PIN the 2007 figures also show that fraud on lost and stolen cards (£56.2m), and mail non-receipt fraud (£10.2m), are at their lowest levels for 10 years.

Counterfeit fraud losses have increased by 46 per cent but the vast majority of this fraud is due to criminals stealing card details in the UK to make counterfeit magnetic stripe cards for use in countries yet to upgrade to chip and PIN. The UK banking industry continues to encourage other countries around the world to upgrade to chip and PIN. This type of fraud will also become more difficult when the European banking industry meets its target to complete its chip card rollout by 2010.

Sandra Quinn, director of communications at APACS, says:

"Although card fraud levels have now begun to go up again due to fraud abroad and card-not-present fraud losses, chip and PIN has proven to be an undoubted success in reducing card fraud on the UK high street. And, as more countries follow our lead and upgrade to chip and PIN, the opportunities for criminals to use our stolen magnetic stripe details overseas will decrease.

"The banking industry continues to work with law enforcement, the retail sector, the Home Office and organisations such as the charity Crimestoppers to identify ways of actively protecting against all types of banking fraud. This reflects the multi-layered approach needed – an approach that has recently seen the creation of the Payments Industry and Police Joint Intelligence Unit – a vital addition to the UK's fraud-fighting arsenal."

The launch of the new Payments Industry and Police Joint Intelligence Unit (PIPJIU), announced on Monday 10 March, will enhance the work of the Dedicated Cheque and Plastic Crime Unit (DCPCU) – the specialist police unit fully sponsored by the banking industry. The PIPJIU will improve the quality and scope of industry intelligence the DCPCU can access, increasing the operational effectiveness of the Unit.

Card-not-present fraud losses have increased by 37 per cent and account for more than half of all card fraud losses. However, these losses have to be seen in the context of huge increases in the amount of people shopping online and over the phone, and the numbers of shops offering telephone or online shopping – from 2001 to 2006 card-not-present fraud losses rose by 122 per cent; over the same time period, the total value of online shopping transactions alone increased by 358 per cent (up from £6.6 billion in 2001 to £30.2 billion in 2006).




Tackling card-not-present fraud is a priority and the industry continues to encourage cardholder and retailer take-up of MasterCard SecureCode and Verified by Visa – secure online payment systems that help prevent online shopping fraud: [www.shopsafeonline.org.uk](http://www.shopsafeonline.org.uk) details information about these systems.

Online banking fraud losses totalled £22.6m in 2007 – a 33 per cent decrease from 2006 losses. This year-on-year decrease is all the more impressive given that phishing incidents almost doubled from 14,156 in 2006 to 25,796 last year. Help and advice about preventing all types of online banking fraud is available at [www.banksafeonline.org.uk](http://www.banksafeonline.org.uk).

Following significant year-on-year reductions in 2005 and 2006, cheque fraud losses in 2007 rose 10 per cent to £33.5m. However, these losses still remain relatively low compared with other fraud types.

## **ENDS**

For further information contact the APACS Press Office on


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 020 7711 6316 or [press@apacs.org.uk](mailto:press@apacs.org.uk).

**Notes to editors:**

1 APACS is the trade body that gives banks, building societies and card issuers a forum where they can work together on non-competitive issues. We help manage the way that businesses and individuals in the UK move their money around - this covers cash, credit and debit cards, cheques and automated payments such as Direct Debits, salary payments and online/phone transactions. We lead the fight against banking fraud and twice a year we publish figures on payment industry fraud losses. Further information and advice for consumers and retailers regarding how to avoid being a victim of all types of card fraud is available at [www.cardwatch.org.uk](http://www.cardwatch.org.uk).

2 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 APACS on behalf of the banking industry.

3 The Payments Industry and Police Joint Intelligence Unit (PIPJIU) was officially launched on 10 March 2008. It is an enhanced intelligence unit - the result of the amalgamation of the banking industry's Fraud Intelligence Bureau (FIB), the body that formerly distributed information between the banking industry and law enforcement throughout the UK - and the intelligence section of the DCPCU.

4 Crimestoppers is an independent charity helping to find criminals and solve crimes. Crimestoppers can be contacted on an anonymous phone number -  **0800 555 111** - or at [www.crimestoppers-uk.org](http://www.crimestoppers-uk.org).

5 Plastic card fraud losses (£m) on UK-issued cards split by UK region:

<b>Region</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>+/- % (06/07)</b>
South East	£238.2m	£207.3m	£176.6m	£178.7m	+1%
North West	£40.2m	£33.2m	£35.7m	£35.8m	-%
West Midlands	£24.2m	£20.3m	£17.2m	£24.4m	+42%
Yorks & Humberside	£24.3m	£27.3m	£27.2m	£24.1m	-11%
East Midlands	£30.8m	£23.8m	£15.0m	£22.8m	+52%
South West	£12.7m	£11.3m	£9.7m	£11.8m	+22%

Scotland	£16.7m	£13.9m	£9.9m	£11.5m	+16%
North East	£8.1m	£7.3m	£6.8m	£7.8m	+15%
Wales	£7.3m	£5.2m	£5.7m	£5.3m	-7%
East Anglia	£8.7m	£6.2m	£5.4m	£4.8m	-11%
N Ireland	£1.1m	£0.8m	£0.7m	£0.7m	-%
<b>Total UK-issued UK-acquired fraud</b>	<b>£412.3m</b>	<b>£356.6m</b>	<b>£309.9m</b>	<b>£327.6m</b>	<b>+6%</b>
Fraud abroad on UK-issued cards	£92.5m	£82.8m	£117.1m	£207.6m	+77%
<b>Total</b>	<b>£504.8m</b>	<b>£439.4m</b>	<b>£427.0m</b>	<b>£535.2m</b>	<b>+25%</b>