

Unauthorised Payment Fraud Overview

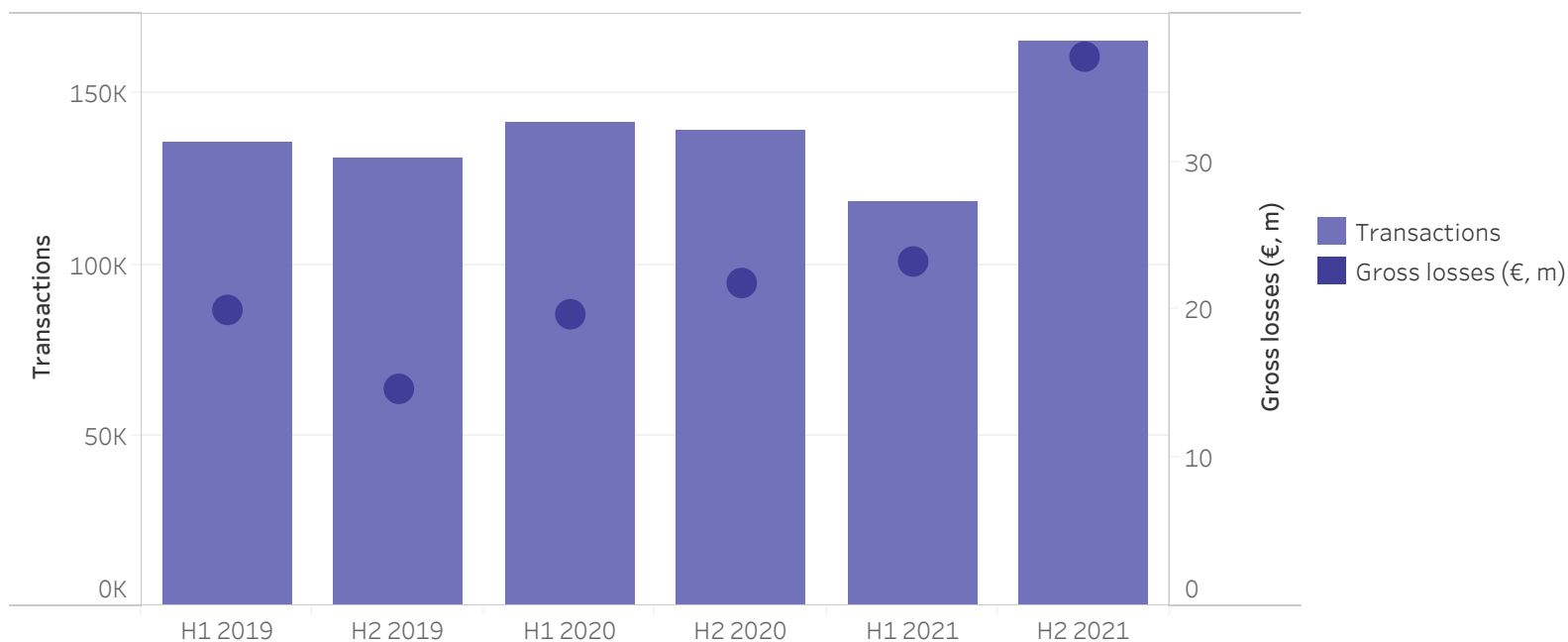
	Transactions			Gross losses (€, m)		
	H2 2020	H2 2021	YoY	H2 2020	H2 2021	YoY
Credit card payment fraud	33,452	26,104	-22.0%	3.8	2.2	-40.9%
Debit card payment fraud	103,035	132,577	28.7%	8.2	12.0	45.8%
Cash withdrawal fraud	696	1,146	64.7%	0.1	0.3	124.9%
ECT/DD payment fraud	1,690	5,165	205.6%	8.3	21.5	159.4%
Paper-based payment fraud	93	107	15.1%	1.4	1.0	-23.7%
Grand Total	138,966	165,099	18.8%	21.8	37.1	70.0%

Almost 166,000 unauthorised payment transactions were made in the second half of 2021, 18.8% more than in the same period of 2020. Gross fraud losses jumped by 70% to almost €37.1 million.

While the increase in fraud volumes was mainly driven by a 28.7% increase in debit card payment fraud, fraud losses soared on the back of a 159.4% increase in electronic credit transfer/direct debit (ECT/DD) fraud.

The number of unauthorised paper-based payment transactions (such as cheques and bank drafts) rose by 15.1% year on year to 93 but fraud losses fell by 23.7% as the average loss declined.

Cash withdrawal fraud losses increased year on year but were about half of the level in Q2 2019, partly reflecting the decline in cash usage since the start of 2020.



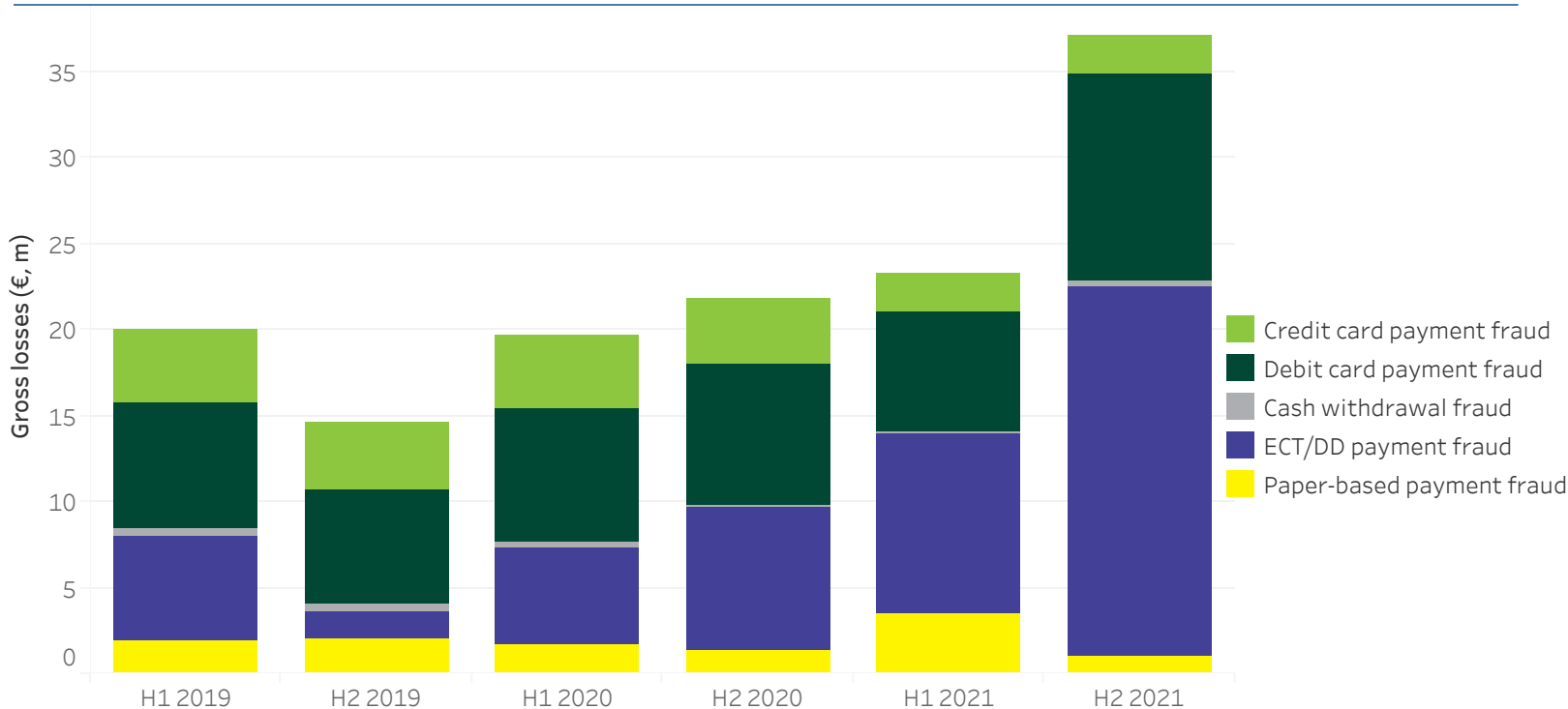
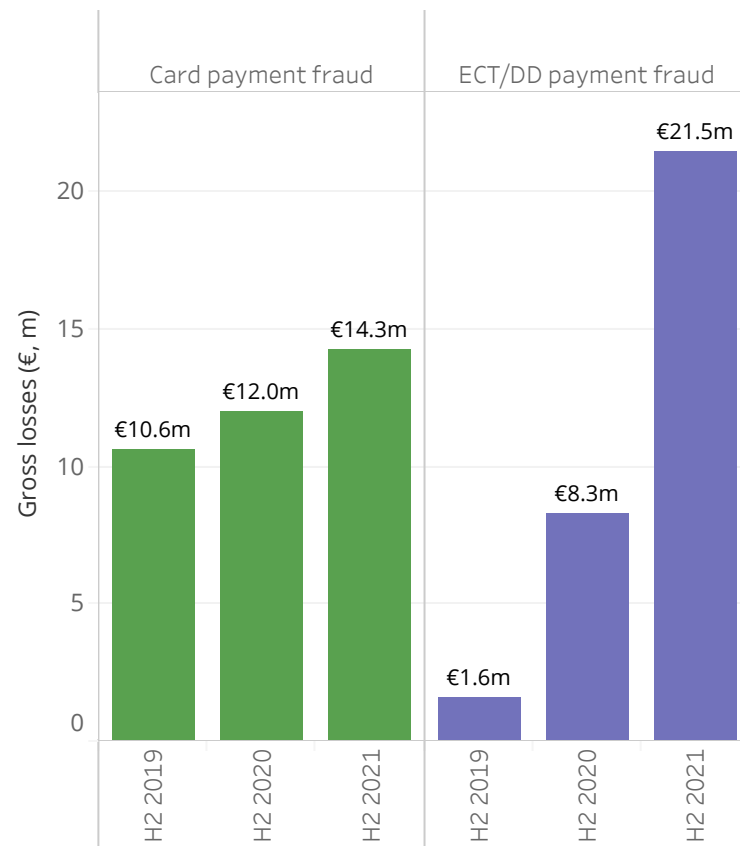
Unauthorised Payment Fraud Losses

ECT/DD payment fraud losses overtook card payment fraud in H2 2021, reflecting a sharp increase in online and mobile banking fraud.

This was the fourth successive period in which ECT/DD fraud losses grew, with losses in H2 2021 some 13 times higher than the value of losses in H2 2019.

ECT payments tend to be relatively high value transactions, with the average ECT/DD payment fraud in H2 2021 at €4,163. While ECT/DD payments accounted for only 3.1% of fraudulent transactions volumes they represented 58% of gross losses in H2 2021.

By contrast, the average card payment fraud value was only €90. but payment cards accounted for 96.1% of unauthorised payment transactions.



Unauthorised fraud

An unauthorised transaction is a payment or cash withdrawal made by another person without the account holder's authorisation or permission and results from the loss, theft or misappropriation of sensitive payment data (such as account numbers and PINs) or a payment instrument (such as a card or cheque).

Electronic credit transfers (ECTs) are mainly digital banking transfers via online and mobile banking platforms). ECTs and direct debits are combined due to the low volume of direct debit fraud.

Paper-based payments include cheques, bank drafts and paper-based credit transfers.

Card Fraud Trends

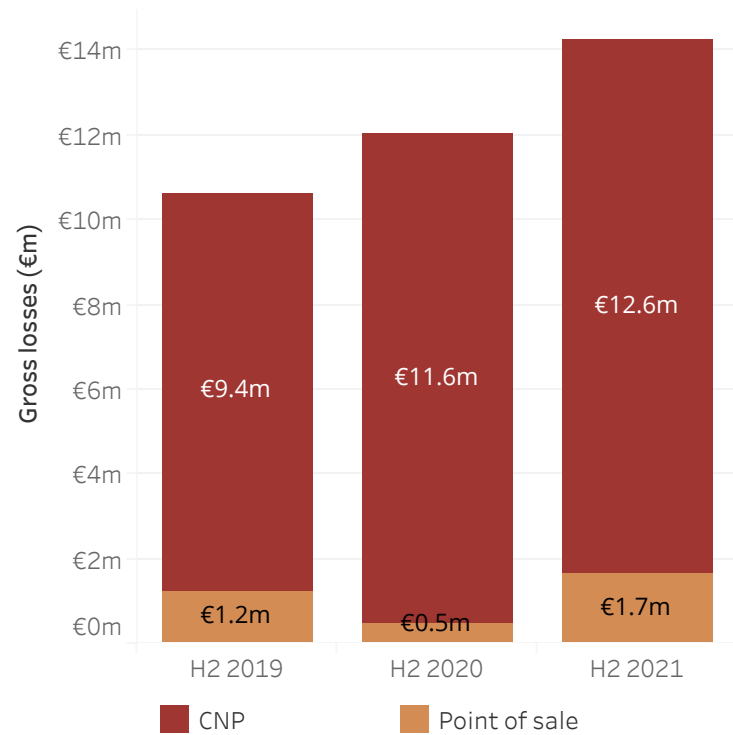
Following a sharp drop in activity in H1 2021, payment card fraud increased by 16.3% year on year to almost 159,000 in volume terms and by 18.5% in gross loss terms to €14.2 million in H2 2021.

Most of the increase was driven by growth in card not present (CNP) fraud. However, 2021 saw payment card fraud at the point of sale return to pre-Covid levels as most retail outlets reopened with the lifting of most public health restrictions.

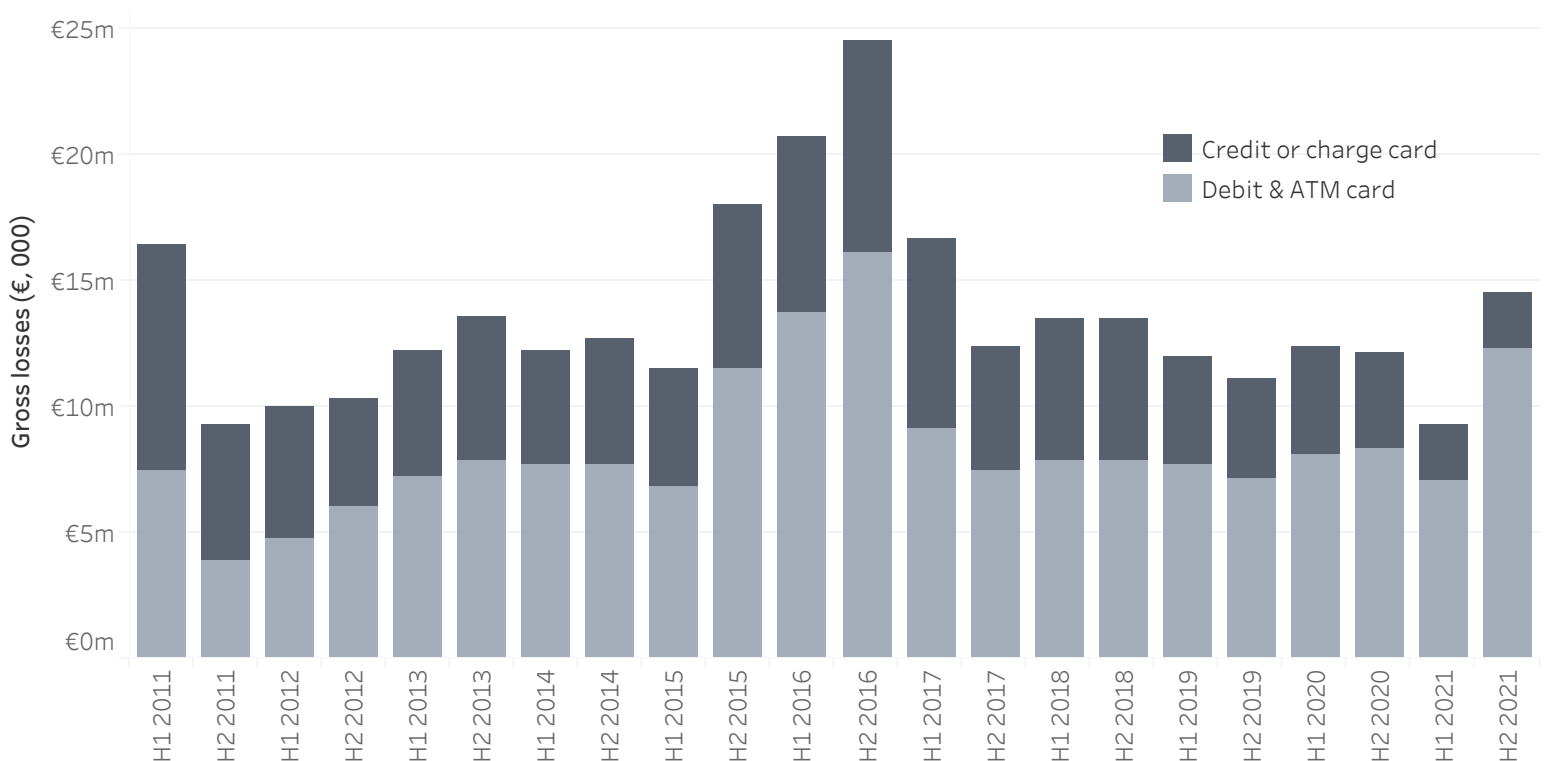
Total card fraud (including ATM) losses rebounded to the highest level since H1 2017 at €14.5 million.

With card fraud, fraud losses on credit or charge cards fell on a year on year basis for the sixth half year in a row.

Payment Card Fraud by Channel



Card Fraud - Historical Trends



Card use channels

CNP (Card not present) payments include all payments made remotely such as over the Internet (including mobile Internet, via mail or over the phone).

Point of sale payments are initiated at a physical terminal and include payments using physical cards and payments via mobile devices such as mobile wallet (e.g. Apple Pay or Google Pay).

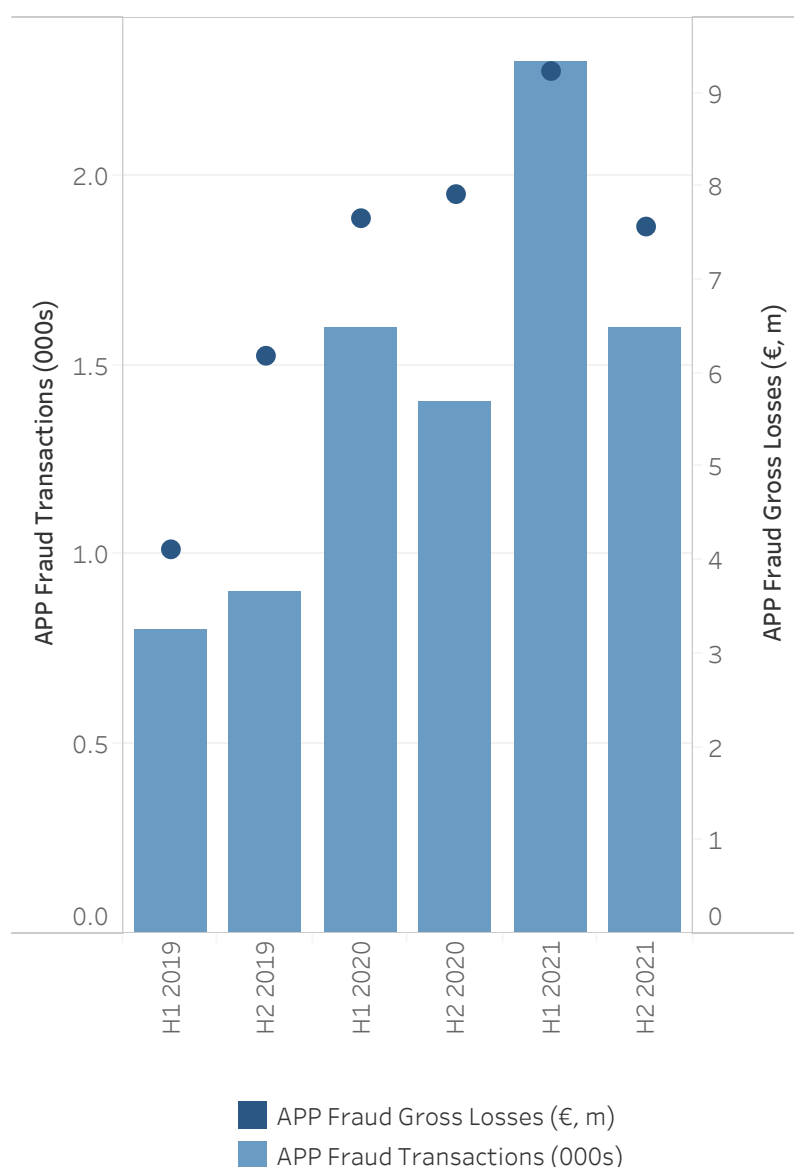
APP Fraud Trends

	H2 2020	H2 2021	YoY
Transactions	1,374	1,592	15.9%
Gross losses (€, m)	7.9	7.6	-4.4%

Following strong growth in 2020 and into H1 2021, authorised push payment (APP) credit transfer fraud rose by 15.9% in volume terms year on year in H2 2021, but fell by 4.4% in value terms.

On an annual basis, however, the number and value of APP fraudulent transactions rose by 34.6% and 7.9%, respectively, to 3,967 APP fraudulent payments valued at €16.8 million.

While the number of transactions is low (about 1,600 payments in H2 2021) relative to unauthorised fraud, the average payment involved is much larger: the average APP fraud transaction was €4,237 in 2021.



APP fraud

Authorised Push Payment (APP) fraud, also called manipulation of the payer, happens where a fraudster tricks a personal or business customer to instruct their payment service provider (PSP), such as their bank, to send money from their account to an account controlled by that fraudster.

There are two broad types of APP fraud:

- APP disputed payments, where the customer makes a payment to the account intended but later disputes the payment as the payee has manipulated and scammed the payer. Types of APP disputed payment include advance fee scams, investment scams, purchase/online shopping scams, and romance scams;
- APP misdirection/impersonation, where the customer makes a payment intended for a legitimate recipient but where the scammer manipulates the customer to make the payment to the scammer's account. Types of APP misdirection/impersonation include impersonation scams and invoice re-direction scams.

Disclaimer/About this data

Banking & Payments Federation Ireland (BPFI) is the principal voice of the banking and financial services sector in Ireland. For queries, contact Anthony O'Brien, Head of Sector Research & Analysis, BPFI at anthony.obrien@bpfi.ie.

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