

Slight increase in card fraud attributed to 'card not present'

FNB card fraud has slightly increased over the last 12 months which is in line with the current industry trend. This increase is directly attributed to "Card Not Present fraud", while the reports of lost and stolen card fraud have substantially decreased.



Card Not Present fraud, such as unauthorised purchases on the internet or via a telesales company currently make up the largest part of card losses. This form of fraud also includes phishing, through which fraudsters obtain your card information, and then process fraudulent transactions.

"In the last few months Card Not Present fraud has decreased as a result of the implementation of additional security measures, which often take place completely behind-the-scenes. However, the most important safeguard against fraud remains an alert and vigilant cardholder," says Henk Vermeulen, fraud specialist at FNB Credit Card.

Reaction to roll-out of Chip and PIN

The increase in Card Not Present fraud can be seen as a criminal reaction to the roll-out of Chip and PIN. This increase has been an international trend and was then followed by a decline in card fraud, directly attributed to the implementation of Chip and PIN supported by Verified by Visa. The same trend is expected in South Africa, as Chip and PIN cards supported by Verified by Visa make other forms of card fraud more difficult.

"In an effort to combat this migration of fraud, FNB launched FNB Online Secure towards the end of 2011. We have already seen Card Not Present fraud dropping and have over 100 000 FNB customers actively using this new service," added Vermeulen.

Bank is interface between customer and merchant

Once activated, a cheque or credit card is protected and cannot be used for online purchases without the customer's One Time PIN or password. In an effort to make FNB Online Secure as user friendly as possible FNB has incorporated this functionality into their Online Banking platform, which means that FNB will remain the constant interface between the customer and the merchant. FNB credit card fraud losses have been reduced to less than 0.075% of their total credit card turnover.

Ironically, as card issuers claim victories against card fraud through the use of high technology, the bank warns that they are seeing criminals reverting to the lowest-tech version of card fraud, where fraudsters simply observe customers entering their PIN and then steal the card by mugging the victim. "Often the simplest security precautions are the best. Protect your PIN when making a payment and treat your card with the same level of security you would give to a large number of high-value bank notes," notes Vermeulen.

For more, visit: <https://www.bizcommunity.com>