

# DANMARKS NATIONALBANK

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## PAYMENTS, 2ND QUARTER 2018

# Very low level of payment card fraud in shops, but change in pattern

In the 2nd quarter of 2018, the level of fraud with Danish payment cards in Danish shops<sup>1</sup> was very low. The level has been low and stable over time. The number of frauds was 3,603 and amounted to kr. 3.2 million. Compared to the total card payments in Danish shops of kr. 94.7 billion, this corresponds to a fraud of kr. 3.4 per paid kr. 100,000.

Fraud has occurred in connection with both chip payments, where the payment card physically is inserted into the terminal, and with contactless payments, where the card does not touch the terminal.

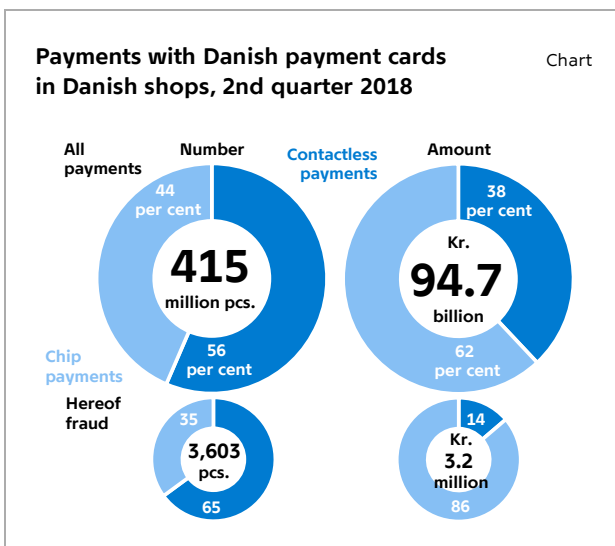
The fraud pattern has changed gradually along with the prevalence of contactless payments. Numerically, contactless frauds constitute a larger share than the technology's share of the total payments. In the 2nd quarter of 2018, the number of contactless frauds constituted 65 per cent of the total frauds, while the number of contactless payments constituted 56 per cent of the total payments. In terms of value, contactless frauds constitute a smaller share. The major part of the amount comes from frauds with chip payments.

In the 2nd quarter of 2018, the average fraud with contactless payments amounted to kr. 189, while for chip payments the amount was kr. 2,194.

At first glance, contactless payments have made low-amount fraud easier. However, the risk is reduced as the PIN number has to be entered when the amount is above kr. 350 or after a series of repeated transactions below the amount level.

Additional to fraud in physical shops, Danish payment cards are also used for fraud in connection with e-commerce etc. and ATM cash withdrawals. Both numerically and in terms of amount, fraud in connection with e-commerce is most common. The total fraud with Danish payment cards in the 2nd quarter of 2018 amounted to kr. 21.7 million in Denmark and kr. 49.0 million abroad.

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<sup>1</sup> In this context, shops cover physical shops (staffed checkout), self-service checkout, and automatic vending.