

DANMARKS NATIONALBANK

3 JUNE 2019

PAYMENTS, 1ST QUARTER 2019

Declining fraud with Danish payment cards

In the first quarter of 2019, fraud with Danish payment cards for 46 øre for every 1,000 kr. paid. Based on the number of transactions, this corresponds to one fraud per 5,000 transactions. In Q1 2019, the total fraud with Danish cards amounted to kr. 16.9 million in Denmark and kr. 55.6 million abroad.

Fraud with payment cards is divided into three categories: fraud with lost or stolen cards, fraud with false cards, or fraud where the card information is used for payment in e-commerce etc. For Danish cards, the vast majority of fraud takes place through e-commerce – particularly through foreign websites – which accounts for 67.8 per cent of the total fraud.

The security of card payments is constantly in focus. Recent initiatives focus on preventing abuse in e-

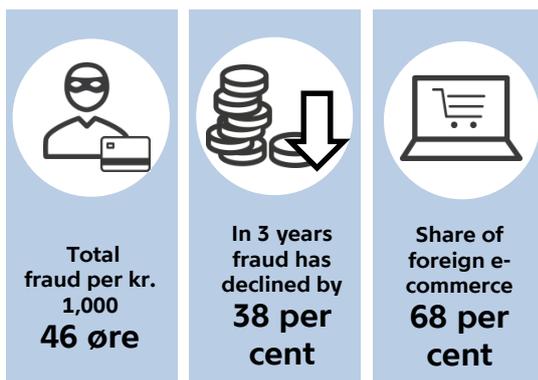
commerce. Here, two-factor authentication has been introduced, and thus the card information alone is no longer enough to settle a payment for the purchase of goods or services. With two-factor authentication, the buyer, for example, receives a one-time code via SMS, which is entered to confirm the payment.

The individual payment card issuers have different security systems in place, e.g. Dankort Secured by Nets or Verified by Visa. However, the extent of the security system is to a certain degree up to the individual e-commerce store.

The extent of fraud with Danish payment cards is generally reduced, and at the same time the new security systems have been rolled out. Thus, fraud has declined since 2016, when it was first calculated by Danmarks Nationalbank. At that time, the total fraud was kr. 116.5 million, and fraud has thus fallen around 38 per cent over the last 3 years. During the same period, the value of card payments has increased by 18 per cent, thus the decline in fraud, as a share of the value of the transactions, has declined quite significantly.

If the cardholder suspects that a card has been misused, it is important that the card is blocked as soon as possible. In principle, the issuer of the payment card is liable for any fraud. However, there is an excess which increases if, for example, the cardholder has acted negligently by handing out the PIN code.

Fraud with Danish payment cards is low, declining and happens mostly through foreign online shops



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