

# DANMARKS NATIONALBANK

1 SEPTEMBER 2020

## PAYMENTS, 2ND QUARTER 2020

# Low level of payment card fraud during lockdown

In the second quarter of 2020, the level of Danish payment card fraud was kr. 36 million, which is record low. This corresponds to 23 øre being misused for every kr. 1,000 paid with Danish cards. The fraud has been decreasing since 2016 when it was first calculated by Danmarks Nationalbank. In the most recent quarter, the decrease was kr. 14.5 million.<sup>1</sup>

### Less fraud through foreign e-commerce

If one looks at fraud by type, all types decreased in the second quarter of 2020. However, especially fraud through foreign e-commerce contributed most to the total decrease with kr. 9 million. The majority of the fraud with Danish payment cards takes place

precisely through foreign e-commerce. This type accounted for 73 per cent of the total fraud in the second quarter.

### Lockdown contributed to a lower fraud

Changed behaviour and initiatives to control the infection COVID-19 meant that many Danes have restricted their activities outside their home. This has contributed to a kr. 3.6 million decrease in fraud with lost and stolen cards and made the second largest contribution to the decrease in the total level of fraud in the second quarter of 2020.

### Increased security of card payments

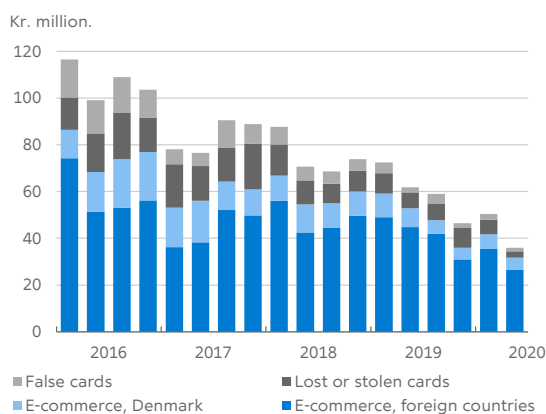
The declining fraud since 2016 is largely related to the continued increased security of card payments, where the recent initiatives focuses on e-commerce, which accounts for the majority of the fraud.

An example of one of the initiatives is the co-called two-factor authentication, where the cardholder must confirm the payment through a one-time code received on SMS. The individual payment cards also have different security systems that the individual e-commerce stores uses. In addition, several banks automatically close payment cards in the event of unusual transactions.

If you suspect that your payment card is being misused, it is important that your card is blocked as soon as possible.

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**Quarterly fraud with Danish payment cards by type**



Note: Fraud with Danish payment cards is divided into three types: 'Fraud using lost or stolen cards', 'Fraud using false cards' and 'Fraud in e-commerce', where the latter is further divided into Denmark and foreign countries.

<sup>1</sup> Contrary to the level of Danish payment fraud, the total card turnover increased with kr. 4.2 billion in the second quarter of 2020.