

African Bank Limited press release

8 May 2017

News Release

Card Fraud increases by 13%

Criminals are getting more and more sophisticated in their fraud scams. This is the view of Alfred Ramosedi, African Bank Sales and Marketing Executive.

His concerns are shared by The South African Banking Risk Information Centre (Sabric) CEO, Kalyani Pillay, who said the ever-evolving sophistication of tactics used by criminals is worrying. The latest card fraud statistics released by Sabric reflect a worrying overall increase in credit card fraud of 13% for 2016.

Some of the key points to note are: The report said credit card fraud had increased from R331.4m in 2015 to R374.4m in 2016, with debit card fraud increasing by 3.1% from R333,2m to R343,5m for the same period.

As can be seen in the fraud related to ATM's, the demand for cash is still high. The report indicates that of the total fraud losses, 52% of Debit Card fraud occurred at ATM's in contrast to the 3% for Credit Cards

Card not present (CNP) fraud on credit cards increased by 18.9% from the previous year and accounts for 66.8% of the losses. CNP fraud on debit cards increased by 4.6%.

The most affected provinces were Gauteng, the Western Cape and KwaZulu-Natal. These 3 provinces accounted for **85.9%** of all credit card gross fraud losses in South Africa. These were followed by the Eastern Cape, Mpumalanga and North West. The report noted that South Africa-issued credit cards are frequently used by criminals in neighbouring African countries such as Zimbabwe, Namibia, Botswana, Kenya and Lesotho. It indicated that most of these transactions are fraudulent cash withdrawals at ATMs. Ramosedi explained that there are different types of card fraud. "Stolen-card fraud is pretty self-explanatory

where criminals steal genuine bank cards together with the correct pin numbers and then use these cards immediately at the nearest ATM to withdraw cash followed by purchases at stores until the account is either empty or the card stopped.”

Counterfeit-card fraud is slightly different in that a card is manufactured fraudulently and not genuinely issued by a bank. Criminals can do this by using compromised card data and the data is usually compromised through skimming.

Finally with CNP fraud, the data is compromised in a variety of ways. Ramosedi says this can range from the actual physical theft of data off a genuine card to large scale data breaches usually carried out by syndicates.

Ramosedi says consumers can do much to mitigate the risk of the low tech physical theft.

He provides the following useful tips to protect their card data:

**Tips for card holders:**

- ✓ Review your account statements on a regular and timely basis; query any suspicious or unfamiliar transactions with your bank immediately.
- ✓ When shopping online, only place orders with your card on secure websites.
- ✓ Ensure that you get your own card back after every purchase and always ask that the credit card machine is swiped in front of you. Also never allow anyone else to use your card.
- ✓ Never write down your pin or disclose it to anyone and use different pins for different cards.
- ✓ Report lost and stolen cards immediately to your bank.
- ✓ Destroy your credit card receipts before discarding them.
- ✓ Sign your card on the back signature panel as soon as you receive it to stop anyone else from taking ownership or trying to use it.
- ✓ Always check transaction slips for correct purchase amounts before you sign them.
- ✓ Keep your transaction slips and check them against your statement to spot any suspicious transactions and query them immediately.
- ✓ Make a list of all your cards and their numbers and store it in a safe place.

- ✓ While transacting always keep an eye on the ATM card slot to ensure that your card is not taken out, skimmed and replaced without your knowledge. Sabric also advise that if you are not familiar with the screen layout of the ATM or if it appears that the machine has been tampered with, do not insert your card.
- ✓ Should an ATM retain your card, contact your bank and block your card before you leave the ATM.
- ✓ Subscribe to your bank's SMS notification services; this will inform you of any transactional activity on your account.

Source of data: Sabric 2016 Card Fraud Statistics

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