



## Report: Card fraud losses see stunning spike in 2015

Banks and merchants worldwide shouldered total fraud losses of \$21.84 billion in 2015 on payment card purchases totaling \$31.31 trillion, reveals new research from The Nilson Report.

This means that for every \$100 spent using credit, debit, and prepaid general purpose and private label payment cards, 6.97 cents was fraudulent, up from 6.21 cents per \$100 in 2014.

At a rate of 20.6 percent, card fraud grew significantly faster than dollar volume, which increased 7.3 percent, according to **the report**.

The U.S. accounted for a disproportionate 38.7 percent (\$8.45 billion) of gross card fraud losses, while generating 22.9 percent of total global purchase and cash volume. U.S. fraud reached 11.76 cents per \$100 last year.

Losses to card issuers reached \$15.72 billion, or 72 percent of the total worldwide. Merchants and acquirers lost the remaining \$6.12 billion, or 28 percent.

"The industry's best defense against counterfeit fraud are EMV cards and the terminals needed to read their chips," said David Robertson, publisher of The Nilson Report. "EMV has been steadily penetrating dozens of countries, but in the U.S. where issuers poured EMV cards into the market, merchants lagged in deploying terminals."

By year-end 2015, EMV-compliant cards handled nearly 36 percent of Visa, MasterCard, UnionPay, Discover/Diners, JCB, and American Express card transactions worldwide. In the U.S., compliant transactions accounted for less than 2 percent of the total.

Fraud losses to merchants and their acquirers occurred overwhelmingly from CNP transactions, and the problem is aggressively worsening. Losses from CNP fraud exceeded \$5.65 billion last year, with growth in nearly every country, according to the report. In the U.S., CNP already accounts for more than 50 percent of total fraud losses.

Nilson expects card fraud worldwide to total \$31.67 billion by 2020. Yet while fraud has climbed in every year this decade, it is still lower than the peak years of the 1970s when measured as basis points of total volume, the report said.

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