



European
Commission



STATE
OF
THE
UNION
2017

CYBERSECURITY

TACKLING NON-CASH PAYMENT FRAUD



“We need to better protect Europeans in the digital age. In the past three years, we have made progress in keeping Europeans safe online. New rules, put forward by the Commission, will protect our intellectual property, our cultural diversity and our personal data. Today, the Commission is proposing new tools.”

European Commission President Jean-Claude Juncker, State of the Union Address, 13 September 2017

The fraud and counterfeiting of non-cash means of payment pose a serious threat to the EU’s security - they provide important income for organised crime and enable other criminal activities such as terrorism, drug trafficking and trafficking in human beings. In addition, non-cash payment fraud affects the trust of consumers in the security of the digital single market, reduces economic online activity and causes important economic losses. To boost Member States’ capacity to prosecute and sanction cyber criminals committing non-cash payment fraud, the Commission is proposing a new Directive to combat the fraud and counterfeiting of non-cash means of payment.



WHO?

Well-structured and globally active organised crime groups dominate the rising market of payment card fraud in the EU.

HOW DO THEY DO IT?

Non-cash payment fraud can take different forms. Criminals can trigger the execution of payments by using payer information obtained through, for example, phishing, skimming or obtaining information on dedicated websites selling stolen credit card credentials on the darknet.

Payments can also be fraudulently executed through counterfeit or stolen cards used to pay in stores or withdraw cash in ATMs or through the hacking of information systems to process payments. Existing data for card fraud shows that 66% is committed without the presence of the card, by using stolen card credentials.

FIGURES

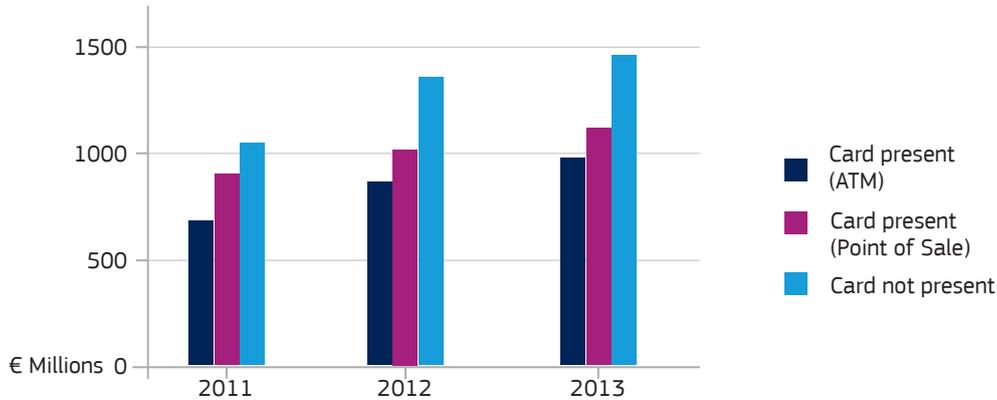
€1.44 BILLION gained by criminals in 2013

€1 BILLION fraud in online shopping

\$1 BILLION lost by airlines per year

36 BILLION phishing messages sent every year

THE TOTAL INCREASE IN CARD FRAUD¹



¹ Within Single European Payment Area (SEPA)

Current Rules

The current rules on criminalisation of non-cash payment fraud are set out in the Council Framework Decision 2001/413/JHA dating back to 2001. It has become clear that those rules no longer reflect today's realities and do not sufficiently address new challenges and technological developments such as virtual currencies and mobile payments.

WHY A NEW LEGISLATION?

The new Directive to combat fraud and the counterfeiting of non-cash means of payment replaces the current Council Framework Decision and provides an effective EU cyber deterrence and criminal law response by:



**Updating
the legal
framework**



**Removing
operational
obstacles**



**Enhancing
prevention**

WHAT IS NEW?

The proposal for a new Directive on combating fraud and counterfeiting of non-cash means of payment boosts Member States ability to effectively deter and prosecute such cyber offences by:



Expanding the scope of the offences, including transactions through virtual currencies



Introducing new online crime offences



Introducing minimum level for the highest penalties from 2-5 years



Clarifying the scope of jurisdiction



Ensuring the rights of cybercrime victims



Improving EU-wide criminal justice cooperation



Providing statistical data on fraud