

# Non- cash payment

Business



## Degree of Risk When Using Cards and Cheque to Make Payments Degree of Risk When Using Cards and Cheque to Make Payments

I am a technology enthusiast and without a doubt, it enhances efficiency. Technology has penetrated in the payment industry. Besides using cheques, we are now using the card to make payments locally and beyond international borders. However, it is not immune to the fraud cases that have wrecked the payment industry from time immemorial. Fraud cases in the use of cards have increased overtime, but cheque frauds cases have decreased. I am saddened by the statistics because the fraud says that my money is not safe in the ATM, bank or in the form of a cheque. Nonetheless, the counteraction measures have become better too to reduce the risk of fraud when using non-cash payment methods.

I have learnt that according to a report compiled by Australian Payments Clearing Association, card fraud cases have increased from 43.6 cents to 48.7 cents for every \$1000 spent by consumers and businesses. People have abandoned use of cheques and instead prefer to use cards to make payments. The report also revealed that 4% of the total amount of money transferred by use of cards in Australia has landed in the hands of fraudsters. The situation was worse in UK. In 2013, there was a 3% increase in non-card fraud for 43.4 million euros spent. Counterfeiting and skimming increased at an alarming rate (Australian Payments Clearing Association, 2014).

### The downside of using cards

Using cards has proved riskier than using cheques when making payments given the statistics from the Australia and UK of 2013. It could be because of the simplicity and wide acceptance of using cards to make payments that have made it easy for fraudsters to improve on their game. They are by <https://assignbuster.com/non-cash-payment/>

financial institutions and mobile payments outlets too.

The APCA report also indicated that the fraud cases have increased following a massive shift from physical shopping to online shopping for most of the Australian consumers. The last four years have seen 35% expansion in online shops in Australia (Apc. com. au, 2014). The trend is catching up in other parts of the world. Since card is the preferred mode of payment, domestic and cross-border frauds have increased.

A decrease in fraud cases for cheques

I would prefer to use cheques other than a card to make payments putting into consideration that the rate has decreased in the last two years. APCA reported indicates that cheque fraud fell from 0.8 cents to 0.6 cents for every \$1000 spent by Australian users (Australian Payments Clearing Association, 2014). The trend is attributed to the fact that it is hard to counterfeit, dishonour and to breach its mandate in financial institutions

The risk is worse when using cards

All manners of fraud narrow down to cards when compared to cheques (Australian Payments Clearing Association, 2014). I would be wary of using my credit and debit cards to make payments because the degree of losing money is higher than when I am set to use a cheque. According to the fraud report, my card can get stolen, my identity can be used in a fraudulent application of a debit or credit card, or the perpetrators counterfeit it.

The degree of risk is lesser with the preventive measures put in place. Card manufacturers such as American Express and MasterCard are now using chip technology to protect consumer data. Merchants have been requested to comply with Payments Card Industry Data Security Standards to reinforce card security. As a consumer, I should protect my PIN and know the

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whereabouts of my card at all times especially at payment terminals.

#### Reference List

Australian Payments Clearing Association. 2014 ' Australian Payments Fraud Details and Data', Australian Payments Clearing Association Limited.