From: [Email address]  
Sent: 21 December 2016 14:19  
To: [Email address]  
Cc: [Email address]  
Subject: RE: Average fraud value

Dear ,

Thank you for sharing with us those data. We are trying to contact Amazon US about the fraud rate. Right now is not the best season, but we will do our best and see if something can come out of it. Good idea to speak to the LUX supervisor.

Again thank you for your efforts and understanding,

Merry Xmas and a Happy New Year to you, your colleagues and families!

From: [Email address]  
Sent: Tuesday, December 20, 2016 4:46 PM  
To: [Email address]  
Cc: [Email address]  
Subject: Average fraud value

As agreed in the conf’ call and in line with what you asked at the meeting last week as well, below is a summary of the data I have.

I have identified (with some help from the ECB) the following:

- The average value in the EU of all card not present payments was 70 EUR in 2013 (this is the most recent data they have) and €72 in 2015.
- France: Average was €75 in 2015 and 15 000 € for online banking transfers
- UK: Card average transaction values at UK businesses in 2015 were £88.70

EU fraud rate:
In the ECB 4th fraud report based on 2013 figures, the combined card BE card based fraud rate was **0.035 %**, which I think has not changed materially since then.
There is no card-not-present published figures for the ECB and I understand they do not have such data.
The general rates for card fraud show that some countries’ rates are 10 times lower than in countries like France or the UK. In other words, the EU average is being pushed up by countries like France and the UK that are very mature markets and therefore also more exposed to fraud... You can also see comparisons with other countries such as the US, Australia, etc.

UK fraud rates (published so publicly available):
- Card frauds in the UK: 0.069% - 6.9p for every £100 (2015).
- E-commerce fraud rate in the UK was **0.124%** (12.4p for every £100 spent).
• Overall fraud losses: 0.083 in 2015 – 8.3p for every £100 - higher fraud remotely so makes sense to limit exemptions to risk-based analysis performed.
• E-commerce fraud was £261.5m.

In France:
Card-not-present for payer’s PSP:
• 0.229% domestically
• 0.321% within SEPA and
• 0.340% globally.
Card-not-present for payee’s PSP:
• 0.229% domestically,
• 0.247% within SEPA and
• 0.285% globally.

I have higher rates than UK and France in another country for some of the card-not-present transactions, but much much lower for the other part of the

I think the rates for card-not-present are probably too high currently (and arguably for other payment types) and need revising. We could perhaps set the rate for remote card payments to 0.11%, significantly below France averages and slightly below UK’s for the first year and 0.1% for the following year with an end-objective of 0.06% or 0.05%. But I also think that with the fraud rate going down, we could potentially review the threshold for applying an exemption to transactions identified as low risk.

Another option would be to have domestic rates; the problem being that we do not yet have such domestic rates but are likely to in a few years under PSD2. We could therefore mention that in the recital or the rationale potentially.

At that point I agree that it would be really helpful to have rates from Amazon or other such actors. If Amazon had proposed to share data with you, if you could come back to ask them to provide these data, it would be very helpful and I would certainly be interested in getting these data. I do not believe I can approach Paypal directly as we are not direct supervisors however I can certainly ask the Luxemburg authority, as Paypal is authorised there.

For your review it would also be worth understanding how many of the transactions are actually identified as low risk and exempted, as the overall pool of transactions below a monetary threshold would not equate the number of low transactions that end being exempted.