

Fraud - Check Fraud Statistics

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In this article we're going to cover check fraud. Check fraud is the copying and/or duplicating of checks, usually using desktop publishing programs, for the purpose of purchasing goods or services using someone else's account. The victims of this fraud include financial institutions, businesses who still accept checks and the consumer himself who has had his checking account compromised. In most cases the crimes begin with the theft of the document. This is as easy to do as somebody breaking into your home and stealing a blank check or even going through your garbage to steal an old canceled check. After that, it is a simple matter to forge your bank account number to go with a new ID. While it doesn't make up the majority of financial fraud, now that we have credit cards and online shopping, it is still a problem that accounts for a great amount of money each year. How much? Let's take a look at some statistics.

In one year merchants take in over \$13 billion dollars in bad checks. Each year shows an increase of about 18 percent. This number is still expected to grow in spite of the fact that more and more purchases are made online or with credit cards.

It is estimated that 75% of the vendors use third party verification services. This makes it more likely that bad checks are going to get through as opposed to vendors who use manual approval methods or some in house system. Unfortunately, it is cheaper to go with a third party service and that is why most vendors do so.

It is estimated that more than 2.2 million bad checks enter the system each day and they expect this number to increase anywhere from 2 to 4 percent over the coming years. This is a staggering figure when you project this out over the course of a year.

On the average, banks charge about \$20 per each bad check to the person who issued the check and \$5 per check to the person who deposited the check. Of course in many cases of stolen checks, the person being charged back doesn't even realize a purchase had been made.

According to the American Collectors Association, Americans write about 1.7 million bad checks each day totaling more than \$50 million in bad check losses. This is the largest figure world wide and it is growing daily.

As to the checks that are stolen or forged, the number of these that are written each year comes out to about 500 million checks and over \$10 billion in lost revenue. Check fraud in itself is expected to grow at a rate of about 2.5% each year according to the current trend.

The average number of fraudulent checks written daily is about 1.4 million which comes out to about \$27.3 million worth of fraudulent checks written everyday.

According to the National Check Fraud Center, check fraud and counterfeiting are the largest and fastest growing problem that the United States financial system now faces. The estimated losses produced annually are over \$10 billion and is expected to rise substantially over the coming years.

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Your Independent guide to Fraud
