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Global Telecom Revenues Increase 12% and Fraud Increases 52% from 2003-2005 COMMUNICATIONS FRAUD CONTROL ASSOCIATION (CFCA) ANNOUNCES RESULTS OF WORLDWIDE TELECOM FRAUD SURVEY

(PHOENIX, AZ) March 28, 2006 – CFCA today announced the results of a comprehensive opinion survey that estimates annual Communications Fraud Losses globally. Worldwide Industry Experts surveyed now estimate annual global fraud losses to be in the range of \$54.4 - \$60 billion (USD) up by 52% from the CFCA Survey results of 2003. These fraud losses represent approximately 5% of telecom revenues, which is one full percentage point increase in 2 years. The implications for the profitability of communications operators is devastating -- less revenues and huge increases in fraud losses.

The Top 5 Countries where fraud is concentrated are Pakistan, Philippines, Cuba, India and Bangladesh. Cuba is the newest member to the Top 5 list.

A summary of the survey results includes:

- 85% of the communications operators surveyed said that global fraud losses have increased or stayed the same
- 65% of the respondents confirmed that communications fraud has trended up or stayed the same within their own company
- 47.3% of global fraud losses are from Subscription/Identity (ID) Theft and PBX/Voicemail

With respect to the causes of the growth of communications fraud, once again some communications providers did report that global fraud losses had risen due to an increase in worldwide terrorism. Terrorist organizations embrace communications fraud to generate funds by illegally gaining access to a network and then reselling the service.

“The results of this survey confirm that communications fraud is a more lucrative criminal business than we initially thought and that the problem is getting worse,” explained John Lewandowski, CFCA President. “CFCA provides a forum for educating and information sharing among communications providers, and is ‘Where Communications Professionals Go to Know’ so as to raise the awareness of this worldwide problem and their effectiveness at stopping it.”

Communications fraud is the use of telecommunications products or services with no intention of payment. Fraud negatively impacts everyone, including residential and commercial customers. The losses increase the communications operators operating costs. Although Communications operators have increased measures to minimize fraud and reduce their losses, the criminals continue to abuse communications networks and services. Therefore, communications operators tend to keep their actual losses figures and their plans for corrective measures confidential. Due to the sensitive nature of this topic, the CFCA used a confidential opinion survey of global Communications operators to support the global fraud loss study.

About CFCA

CFCA is a not-for-profit global educational association that is working to combat communications fraud. The mission of CFCA is to be the premier international association for revenue assurance, loss prevention and fraud control through education and information. By promoting a close association among telecommunications fraud security personnel, CFCA serves as a forum and clearinghouse of information pertaining to the fraudulent use of communications services. For more information, visit CFCA at www.cfca.org.

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