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Global Telecom Fraud Decreases by 33% from 2008, Returns to 2003 Levels

COMMUNICATIONS FRAUD CONTROL ASSOCIATION (CFCA) ANNOUNCES RESULTS OF WORLDWIDE TELECOM FRAUD SURVEY

(Roseland, NJ) October 4, 2011 – The CFCA today announced the results of a comprehensive worldwide communications industry survey that estimates global telecom fraud losses. Experts estimate annual fraud losses are \$40.1 Billion (USD) down 33% from the CFCA’s 2008 survey¹ and equivalent to its 2003 estimate. As a percent of global telecom revenues², fraud losses are approximately 1.88% of revenues—a 1.66% decrease from 2008. The main reason for the relative decrease in fraud is because growth in global revenues has outpaced the growth in fraud losses. It is also attributed to improved anti-fraud programs implemented by operators and an increase in collaboration of anti-fraud professionals within the industry.

Highlights of the survey results include:

- 34 respondents reported a total of \$2.0 Billion (USD) in confirmed fraud losses at their companies
- Operators with 1-10 Million and 50+ Million subscribers reported more incidents of fraud loss than smaller operators
- The top 5 countries where fraud originates: United States, India, United Kingdom, Pakistan, and the Philippines
- The top 5 countries where fraud terminates: Cuba, Somalia, Sierra Leone, Zimbabwe, Latvia
- 98 % of operators surveyed said that global fraud losses have increased or stayed the same—an 8% increase from 2008
- 89 % of operators surveyed said fraud losses had increased or stayed the same within their own companies—a 13% increase from 2008.
- The top 5 fraud loss categories reported by operators were:
 - \$4.96 Billion (USD) – Compromised PBX/Voicemail Systems
 - \$4.32 Billion (USD) – Subscription/Identity Theft
 - \$3.84 Billion (USD) – International Revenue Share Fraud
 - \$2.88 Billion (USD) – By-Pass Fraud
 - \$2.40 Billion (USD) – Credit Card Fraud

To obtain more detailed information on the results of the 2011 CFCA Global Fraud Loss Survey, please visit: www.cfca.org/fraudlosssurvey/

“The results of this survey confirm that telecom fraud remains a lucrative criminal business,” explained Jacob Howell, CCSP, CFCA Board Member and Director of Fraud Management Solutions for TEOCO Corporation.

¹ In 2011 the Global Fraud Loss Estimate was recalibrated to include the sizes of the CSPs being surveyed. Historical loss estimates were also recalculated at this time.

² Source: The Insight Research Corporation – <http://www.insight-corp.com/reports/review10.asp> (Estimate for 2011)

“The CFCA is committed to raising awareness of this worldwide problem and to providing a forum for education and information sharing among communications service providers. It’s where communications professionals go to learn about these schemes and become effective at stopping them.”

About Communications Fraud

Communications fraud is the use of telecommunications products or services with no intention of payment. Fraud negatively impacts everyone, including residential and commercial customers. Fraud losses increase communications carriers’ operating costs. Although many operators have increased measures to minimize fraud and reduce their losses, criminals continue to abuse communications networks and services. Communications operators tend to keep their actual loss figures and plans for corrective measures confidential. Because of the sensitive nature of this topic, CFCA used a confidential survey of operators from around the world. This is the CFCA’s 13th year conducting this survey.

About CFCA

CFCA is a not-for-profit global educational association that is working to combat communications fraud. The mission of the 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.

Contact For Additional Information, Membership and Global/Regional Chapters

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