

Credit Card Fraud Prevention Strategy in Indonesia

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For years, credit card fraud has been a major problem in Indonesia. In addition to being costly, the offence is believed to have been used to support other crimes such as terrorism.

In a 2012 paper *“Towards a Better Credit Card Fraud Prevention Strategy in Indonesia”* Hendi Yogi Prabowo, Director of the Centre for the Study of Forensic Accounting in the Faculty of Economics at the Islamic University of Indonesia, Yogyakarta, analyses this problem and suggests some solutions.

Numerous efforts have been made to mitigate this payment crime, but the high fraud losses recorded in particular by banks and other parties in credit card networks suggests that more actions still need to be taken.

For this, formulation of a sound fraud prevention strategy is paramount to the success in combating credit card fraud in a payments system so as to ensure that available resources are allocated effectively and efficiently.

Over the years, Indonesia has allocated resources to counter the growing problem of credit card fraud. This includes the six key areas of payments fraud prevention: understanding the real problems, fraud prevention policy, fraud awareness, technology-based protection, identity management and legal deterrence.

Due to the growing threat of credit card fraud, particularly those caused by offenders shifting their offences to Indonesia from other countries that have already strengthened their defences, efforts to protect consumers from fraud have been intensified, particularly in these six key areas.

Major prevention measures in these areas have included publication of fraud data and formulation of fraud risk management policy by Bank Indonesia,

the holding of seminars and training events about credit card fraud and prevention, the implementation of chip technology, the development of a Single Identification Number (SIN) and the enactment of laws on Electronic Information and Electronic Transactions. Additionally, a credit card industry SRO is planned to be established in the near future.

All these efforts will increase consumers' awareness and thus improve their resistance to fraud attacks. Additionally, technology-based protection such as smartcards will make it more difficult for offenders to commit offences such as counterfeit card fraud.

Similarly, with more robust identity management system, application fraud will become more difficult to commit.

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He is also a lecturer at the Accounting Department and teaches in the Graduate Program. He earned a Bachelor of Economics of International Programs Ull in 2002 and in 2006 he completed the S-2 program Master of Forensic Accounting at the University of Wollongong and also became the first Indonesian to hold the title. He then undertook the Doctor of Philosophy program in the same field at the University of Wollongong. He has written more than 50 articles in the media at home and abroad on various issues forensic audit and several papers in national and international journals such as the Journal of Money Laundering Control (JMLC) and the Journal of Economics, Business and Management (JOEBM). In 2012 he received the Sumitro Fellowship Award from the United States - Indonesia Society (USINDO)

The full paper can be found at business.uow.edu.au/content/groups/.../@commerce/.../uow120442.pdf

Implementing a Project on Human Resource Development in the Legal Sector of Laos PDR – Phase II

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