

FRAUD MATTERS MALAYSIA



Keeping pace with a changing world



Tightening fraud protection

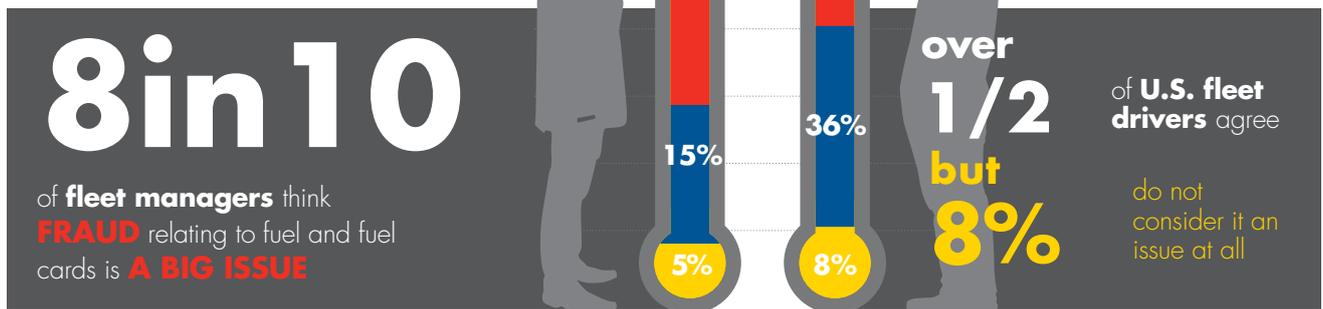
Cashless payments are on the rise. According to CapGemini's latest World Payments Report, there were 366 billion worldwide cashless transactions made in 2013. Fuel card usage in the commercial road transport sector is also on the rise. In 2014 every year, Shell fuel cards were used to make around 260 million transactions worldwide. With greater use, however, comes greater abuse, especially as fuel is one of the world's most valuable commodities.

This presentation offers a view into the fraud management practices of fleet managers and drivers in the United Kingdom. In particular it reveals insights into:

- How big an issue fraud currently is for the fleet industry
- The most costly and frequent fraudulent behaviors are
- The most significant barriers to monitoring and detecting fraud more effectively

Fraud is currently perceived to be a significant issue

Q21. How big an issue do you think fraud related to fuel and fuel cards in your industry is? **Base:** All Managers – 110; All Drivers - 50.

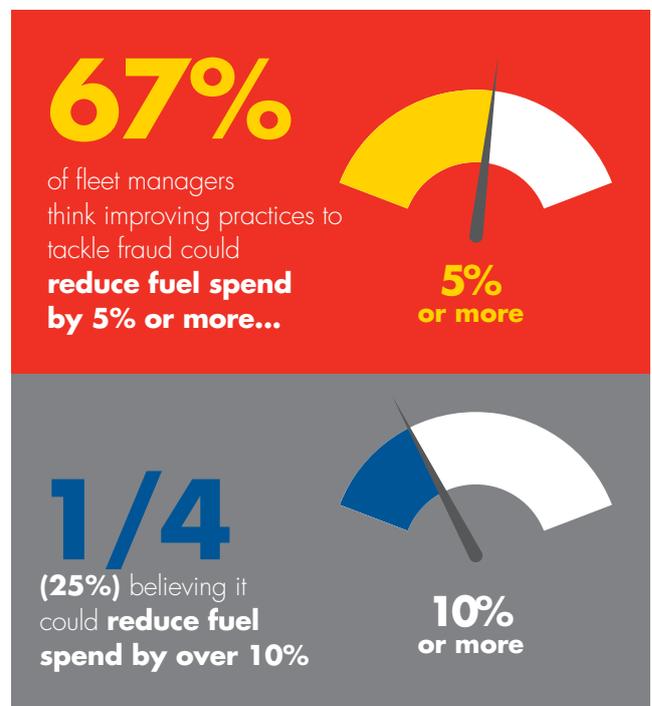


Market comment: Section 403 of the Malaysian Penal Code under the Law of Malaysia carries a jail term of between six months and five years, whipping, and a fine for any individual guilty of dishonest misappropriation of property.

But tighter focus on fraud represents a big financial opportunity

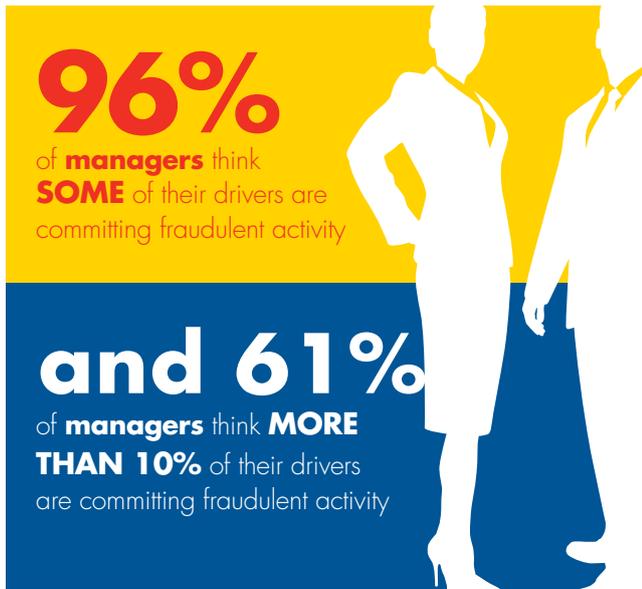
Fleet managers recognise if they managed fraud prevention and detection more tightly they could generate significant savings.

Q34. If the barriers mentioned above were alleviated, how much do you believe you could reduce the overall amount you spend on fuel annually by? **Base:** All Managers – 110.



Market comment: In Malaysia, there are various types of fraud with the following being the most common:

1. Skimming and Counterfeiting
2. Interception of Mail
3. Stolen Card



Both managers and drivers believe fraud is happening



Q27. To the best of your knowledge, what percentage of drivers do you think conduct fraudulent activity? **Base:** All Managers – 110 //

Q26. Have you ever seen another driver act in a fraudulent manner (e.g. performing any of the behaviours outlined in the previous question), whilst in a professional capacity? **Base:** All Drivers - 50

Market comment: Polis Diraja Malaysia (The Royal Malaysian Police) has a special unit at the Federal level to deal with credit card and electronic payment fraud.

And both consider siphoning fuel to be the most costly and frequent activity

	OCCURS FREQUENTLY		COSTS THE MOST MONEY	
	Managers	Drivers	Managers	Drivers
Drivers siphoning fuel	40%	46%	23%	28%
Drivers paying for fuel with cash to hide the purchase of additional items	36%	48%	7%	6%
Account hacking	35%	26%	5%	12%
Negligent behaviour of drivers	34%	22%	7%	12%
Card cloning	31%	28%	4%	2%
Abuse of genuine card done by drivers	30%	18%	8%	6%
External cybercrime	27%	18%	9%	6%
Cards & PIN intercepted via post	24%	22%	0%	0%

Q23. How often do you think each of the following behaviours occur in your industry? [NET Very/somewhat frequently]; **Q24.** And which of the following behaviours do you think costs the fleet industry the most money? // **Base:** All Managers – 110; All Drivers – 50.

Low levels of driver knowledge and lack of time are biggest barriers to overcoming fraud

The barriers that prevent managers improving how effectively they detect fraud

Q33. Which of the below do you think currently stand in the way of improving how effectively you can detect fraud? // **Base:** All Managers – 110



Market comment: Bank Negara has set a deadline of 1 January 2017 for all payment card issuers and acquirers to enable 'Chip and PIN' verification for point-of-sale transactions, in an effort to further secure cashless payment.

Not enough managers are proactively using tools or processes to help monitor fraudulent activity more effectively

Q7. What are you currently doing to inform your fleet drivers about fuel efficient driving behaviours? // **Base:** All Managers – 110.



Managers vs. Drivers knowledge gap about fraudulent activity

How many are informed about fraud



Significant knowledge gap between managers and drivers

When it comes to fraud, there is a significant knowledge gap between managers and drivers. The majority (71%) of managers say they feel informed about the latest developments, but only 4/10 (44%) drivers feel the same. This indicates that managers are not sharing their knowledge with drivers.

Meaning drivers consider some behaviours acceptable

Q32. How informed would you say you feel about the latest developments on fraudulent activity within your industry? // **Base:** All Managers and Drivers - 160
Q25. In your opinion, which of the following would you consider as acceptable behaviour as part of your job?; **Q20.** Which of the below would you consider to be fraudulent behaviour? [% Not selected] // **Base:** All Drivers - 50

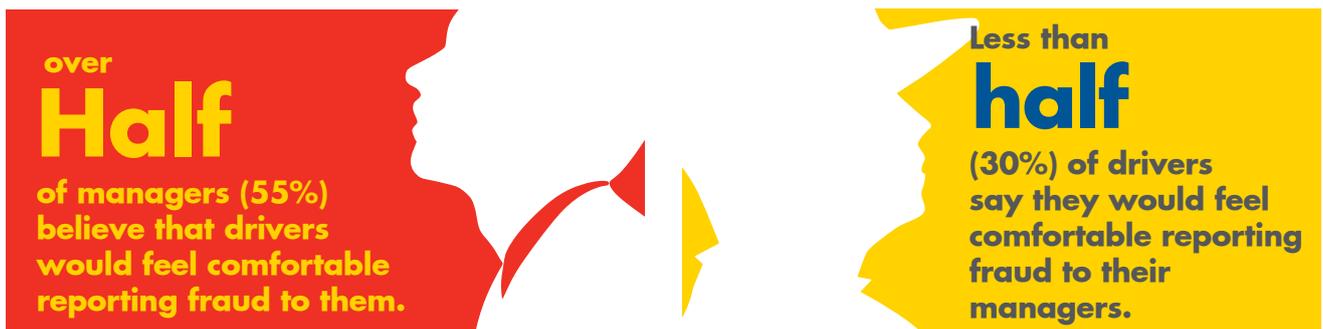
One of the consequences of the need for more education about what constitutes fraud, is that many drivers currently consider some fraudulent behaviours to be acceptable practices, most notably siphoning fuel.



Drivers do not feel comfortable reporting fraud

Q30. If you were to witness another driver behaving fraudulently, how comfortable would you feel reporting them to your manager? // All Drivers - 50 // **Q31.** If fraudulent behaviour happens on your account, would you agree that drivers feel comfortable reporting it to you? // **Base:** All Managers - 110

There is a perception gap between managers and drivers in terms of how comfortable drivers are with reporting fraudulent activity. Whilst over half of managers (**55%**) believe drivers feel comfortable reporting on it, only one-third (**30%**) of drivers agree.



Market comment: Card fraud is by no means a new problem but as more and more cashless transactions are made, the number of opportunities for criminal activity also increases. In fact, fraudulently targeting cashless payment systems in all sectors is now a growth industry in itself.

The Shell fraud management solution

How can Shell help you combat fraud?



PIN protected cards which allow secure transactions



More than 900 onsite cameras in Malaysia



Only provider with a dedicated team of security experts



24/7 Real-time fraud alerts, card blocking, secure invoicing, 260m transactions filtered a year

Methodology

This global study surveyed 870 fleet managers and 350 drivers across eight countries – Germany, Netherlands, UK, Poland, Malaysia, Thailand, USA and South Africa. The research was conducted by Edelman Berland, an independent research firm.

Who 110 fleet managers and 50 fleet drivers

Fleet types* Combination of both heavy and light goods vehicles (41)
Heavy goods vehicles (34)
Light goods vehicles (35)

Where Malaysia

How Online survey

When May 2015

About Edelman Berland

Edelman Berland is a global, full-service research firm that provides corporate, non-profit and government clients with strategic intelligence to make their communications and engagements with stakeholders the smartest they can be. The firm specializes in qualitative and quantitative research, measurement, tracking and analysis in reputation, branding and communications. Edelman Berland is part of Edelman, the world's largest public relations company. Edelman Berland has more than 100 employees in offices around the world.

For more information, please visit www.edelmanberland.com

