

# Study on Fraud in Land Administration Systems



**UNECE**



UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

# **Study on Fraud in Land Administration Systems**

Geneva, 2021

## Table of Contents

I. Introduction and scope of this study .....	1
II. Methodology.....	1
III. Accessibility of land title systems and information .....	2
IV. The use of counter fraud measures chapter.....	3
V. Analysis of fraud trends .....	3
VI. The impact of a notarial system on levels of fraud .....	3
VII. Good practices .....	3
i. Finland .....	3
ii. Ukraine.....	5
iii. Poland .....	5
iv. United Kingdom (Scotland) .....	5
v. Russia .....	6
vi. United Kingdom (England and Wales) .....	6
vii. Other jurisdictions.....	7
a. Understanding and managing the risks of fraud.....	8
a. Detecting and investigating online fraud .....	8
VIII. The impact of the COVID-19 pandemic .....	8
IX. Recommendations .....	11

## **I. Introduction and scope of this study**

At the fifth session of the Working Party on Land Administration, on 19 and 20 November 2007, the delegation of the United Kingdom introduced the issue of fraudulent use of electronic land registration data and related incidents of identity theft (ECE/HBP/WP.7/2007/10, paragraph 17). A study was prepared in 2011 (Study on the Challenges of Fraud in Land Administration Institutions) based on the results of a 2007 survey on online access to land registration information, completed by ECE member States, and carried out by the United Kingdom with subsequent analysis by the Bureau of the Working Party. The study's objectives were to identify good practices in the detection and prevention of fraud in land registration systems, necessitated by the public electronic availability of land and owner information in ECE member States. Its findings covered three main areas: accessibility of systems, experience of fraud and countermeasures. The study report argued that internal controls and checks should be strengthened, and sanctions should be imposed to detect, prevent and deter fraud. Furthermore, it argued that it is necessary to change public and staff attitudes in the creation of an anti-fraud culture. Almost all respondents agreed that sharing intelligence with other jurisdictions would be helpful, at least to identify common threats and compare best practices for detecting and preventing fraud.

It is widely accepted that, for the proper functioning of land and property related markets, people must be able to trust land administration systems; guarding against fraud is a measure that can enhance this trust. Therefore, the Working Party decided that an update of the 2011 study would be part of its programme of work. This study, *Fraud in Land Administration Systems*, presents the results of a follow-up questionnaire made in 2019.<sup>1</sup>

The Study on Fraud in Land Administration Systems defines registration fraud as where a fraudster attempts to or succeeds in inserting changes in the land register through fraudulent activity, to make some financial gain from a criminally acquired property or interest in a property. The study deals with registration fraud, including mortgage fraud and other frauds involving the misuse of land registration or cadastral data. In view of an increasing tendency to make land registration information available online, the study focuses particularly on fraud arising from the misuse of information obtained from online land registers and cadastres.

This study does not deal with internal corruption, for example, by land registry employees against employers, such as extortion, accepting bribes for expediting cases or falsifying records, thefts of cash, assets, or intellectual property (IP), or false accounting.

## **II. Methodology**

To facilitate an analysis of the current state of play in the ECE region, and to identify good practices, the Working Party sent out a questionnaire to land administration authorities in ECE member States, and 39 responses were obtained.

The survey asked about four main areas: (i) accessibility of systems and information, (ii) the use of counter fraud measures, (iii) analysis of fraud trends, and (iv) the impact of a notarial system on levels of fraud. Where appropriate, respondents were asked to provide factual information about their systems and experiences. Where opinions were sought, respondents were asked to provide

---

<sup>1</sup> The Bureau of the Working Party gratefully acknowledges the input of all survey participants, the valuable work of others before as referred to in this report, as well as all the assistance and advice from Working Party members and the ECE secretariat.

explanations and examples. The secretariat guaranteed that submissions would be kept anonymous due to the potentially sensitive nature of the information, that is, no individual country or jurisdiction would be identified. The only exceptions relate to information that is already in the public domain and those that gave permission to share their experiences as part of section VII. Good Practices.

Out of the 39 respondents<sup>2</sup>, 32 gave complete responses and 7 incomplete ones.

The analysis of the responses, together with the guidance, policy statements and other materials published by participating authorities, and subsequent consideration and review by the Working Party Bureau, came up with the good practice recommendations described in the final section of this report.

### **III. Accessibility of land title systems and information**

The use of electronic technology to store and process land registration data is a normal practice throughout the ECE region. All respondents hold land title registration information in a computerized/electronic format. Most land registration and cadastral authorities now utilize online systems to provide easy access to land information for the public. The survey showed that eighty-nine per cent of respondents make property-related information available to the public online: a rise from 60 per cent in 2007.

Since the 2007 survey, there has been a slight shift towards countries limiting what information is open to public inspection. However, there has not been an increase in the limits on what information can be available electronically. The survey shows that there has also been a substantial increase in the number of respondents whose organizations either require online applicants to register their details before the information is supplied or have another method of identifying online applicants. In some cases, information is available online to anonymous applicants. Over half of respondents limit the information that is available to anonymous users and there have been some marked increases in the limiting of all categories of information, except for proprietors' details.

Half of the respondents think that registration fraud in their jurisdiction is decreasing. Although this is a significant change from 2007 when nine per cent of respondents thought that fraud was decreasing, the respondents to the two surveys were not the same and so we cannot directly compare the results. Forty-six per cent of respondents believe that the level of fraud has stayed the same. Only 4 per cent believe that registration fraud is increasing. This belief appears to be grounded in evidence: 66 per cent of the respondents could identify now attempted fraudulent registrations, a substantial rise from the 28 per cent in 2007, and 52 per cent are monitoring trends in fraudulent registration. There is little solid statistical evidence to show that fraud in land registration systems has increased due to the introduction of online services. However, fraud and forgery exist wherever there is commercial activity and at least some law enforcement agencies consider ease of access to be a factor in a potential increase in registration fraud. Significantly, most respondents said that they were not identifying any significant trends in fraudulent activities following the introduction of electronic services, nor were they identifying any clear links between fraudulent trends and the use of electronic services. Only 3 per cent said that there had been increased fraudulent activities linked to electronic services.

---

<sup>2</sup> In the United Kingdom, land administration is a shared responsibility of the following authorities: Her Majesty's Land Registry for England and Wales, Registers of Scotland and Land Registers of Northern Ireland.

#### **IV. The use of counter fraud measures**

Seventy-five per cent of the respondents have now developed methods of detecting/preventing potentially fraudulent activities, an increase of 28 per cent from 2007. Ninety-six per cent believe those methods have been very or fairly successful and 60 per cent are regularly reviewing, evaluating and improving those measures.

In 2007, almost all respondents agreed that sharing intelligence with other jurisdictions would be helpful, at least to identify common threats and compare best practices for detecting and preventing fraud. It is therefore surprising that, in the 2019 survey, only 48 per cent responded that they have a network of key organizations in their own jurisdiction that coordinates efforts to combat fraud. No single organization can prevent fraud; working with a range of partners can help to identify threats, develop strategies, and implement countermeasures. An even higher number of respondents thought that sharing intelligence across the ECE region would be helpful in combating fraud. It is the recommendation of the Working Party Bureau to investigate how this could work in practice.

#### **V. Analysis of fraud trends**

It is difficult to identify trends across the ECE region from the results of the survey as each jurisdiction operates differently. As the survey was anonymous, it was not possible to draw conclusions about the reasons for the reported lower levels of fraud without an understanding of the context. Additional information that would provide the necessary context could include: the number of transactions processed; identification and submission processes; whether national identification cards exist; whether the parties to the transaction are obliged to meet; property values; and what data is in the register. Further study is needed to understand the impact of different processes on the levels and type of fraud. This will bring a better understanding of how applicable issues are in different jurisdictions. For example, whether the ease of making a transaction affects the levels of fraud.

#### **VI. The impact of a notarial system on levels of fraud**

The results of the survey indicated that using a notarial system either reduces or eliminates fraud. However, some jurisdictions reported that this impact is due to the move away from doing transactions in person towards electronic services. Further study of the notarial system could identify how it prevents fraud and whether its elements could be applied in jurisdictions that do not have such a system to reduce fraud.

#### **VII. Good practices**

The move towards electronic services has resulted in changes to registration processes or the introduction of new ones. Some of these changes may be specific to preventing fraud, but others are intended to make property transactions easier. Where the latter is the case, care has been taken not to create new ways in which fraud can be committed.

##### **i. Finland**

In Finland electronic signatures have been linked to bank verification systems. From 2013, the National Land Survey of Finland has enabled electronic property transactions as well as electronic mortgaging. There are several uses of electronic identification to secure the identities of conveyance parties. The electronic service for verification is organized in collaboration with public administration

services. Methods for identification include: online banking use identifiers provided by banks; electronic identity cards issued by Finnish police; mobile identification issued by mobile operators and linked to mobile SIM card; or electronic identification, authentication, and trust services (eIDAS). An electronic signature using these identification methods has the same legally binding status as a conventional signature. The parties of conveyance may also authorize a third party to do the transaction (for example, a real estate broker or bank) in the same online system.

The introduction of the Property Transaction Service, maintained and managed by the National Land Survey of Finland,<sup>3</sup> made electronic conveyance of real estate possible. Strong electronic identification methods, such as the identification devices and services of many Finnish banks, verify the identity of the seller of the real estate. Once verified, the seller can log in to the Property Transaction System and the system automatically checks the Land Register for any real estate titles registered under the seller's name. By clicking on the *Accept* button, the system creates the actual electronic signature and connects the expression of will, that is, the electronic acceptance, with the actual deed of sale (the electronic deed document processed by the seller).

When it comes to the buyer, the procedure is similar to that for the seller. The official system of the National Land Survey sees the strong electronic identification of the buyer/seller, management of the technical features of the legally binding acceptance and the actual electronic signatures as important factors in enhancing the reliability of real estate digital transactions. The application for registration of a title becomes automatically pending after the seller has signed the electronic deed document in the system. This can reduce the risk of double selling. After the conclusion of the sale in the Property Transaction System, the Land Register immediately detects the information on the pending application. One can also apply for mortgages as well as transfer of electronic mortgage documents via the same system. The system also checks the legal status of an applicant and the right to submit the application concerned.

The Finnish electronic mortgage system provides information on mortgages in the registered title and mortgage register, as well as supplementary information on the name of the holder of the mortgage. The holder of a specific mortgage is usually the owner of the real estate or the creditor, usually a bank. The Property Transaction System allows the current registered holder of the mortgage to apply for a change on the mortgage information in the title and mortgage register, as when transferring an electronic mortgage document to a new holder. There are no actual documents in the process, only electronic information on the holder of the registered mortgage.

The legality of the mortgage transfer is secure because the identification methods used to verify the identity of an applicant are strong. However, the application can also be submitted in writing. In all cases, the right of the applicant to submit the application (that the applicant is the current holder of the mortgage) is checked. To enhance further the security of the transfer of electronic mortgage documents the holder who applied for the transfer is notified of the change in the name of the holder

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_313](https://www.yunbaogao.cn/report/index/report?reportId=5_313)

