

UK Mobile Phone Theft Costs at least £1Bn

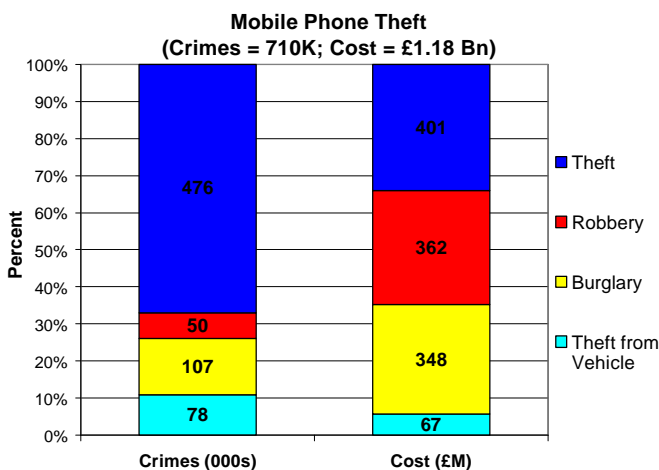
This article derives from research funded by the Engineering and Physical Sciences Research Council, undertaken with our colleagues John McCardle, Ian Storer, and Shaun Whitehead. The focus is designing-out mobile phone theft. This includes looking at the physical design of handsets and the visual signals they give off to offenders. It also includes the design of systems by which the industry operates in relation to stolen phones, such as policies and practices relating to re-programming and blacklisting. To date we have had contact with various persons from manufacturers, networks operators, industry bodies (MICA and the GSM Association), local police forces and NMPCU, and researchers and policy advisors at the Home Office. There has certainly been some progress in preventing mobile phone theft over the last few years, and we believe it provides a useful platform for further efforts (see Mailley et al. 2006 for more information). However, there has not been, to our knowledge, a methodologically justifiable estimate of the true cost of mobile phone theft in the UK.

What do we mean by the 'cost' of crime? The obvious one is the financial cost of the lost phone. However, there is far more to it than that. Other costs to victims include the emotional and physical cost relating to the crime (which can be immense for robbery victims who are threatened or assaulted), the cost of the time and effort in reporting crime to the police and/or insurers, and the inconvenience-cost of losing information in a handset. Costs to society as a whole include the costs of health services (taxpayers footing the bill of the NHS), the lost economic output and productivity if victims take time off work or are distracted, the administrative costs of insurers, and the related costs of policing and the criminal justice system.

A 2005 Home Office report estimates the average robbery costs £7,282, theft £844, burglary £3,268, and theft from motor vehicle £858 (see Dubourg and Hamid 2005). These are the main offence types where handsets are stolen. The landmark work of Mayhew and Harrington (2001) estimated 710,000 mobile phone thefts in the UK in one year. We used some data from mobile phone theft in Leicestershire in 2005 to give a more recent estimate of the contribution of the different crime types to the total. Combining these sources, we estimate the yearly cost of mobile phone theft in the UK at £1.18 billion.

Estimates of cost are useful because they can highlight the importance of an issue. This can inform policing and other crime prevention practice as well as policy. To give some context, the latest Ofcom figures show that the retail revenue of network operators in 2005 was around £12 billion, and handset manufacturers close to £1 billion. We anticipate that the cost-of-crime estimate we have produced here will prove to be quite conservative. Professor Mark Cohen, a leading scholar in this field, has used a different methodology and estimates that the average cost of a robbery is several times greater than the Home Office figures we used here.

His data would have put the cost of mobile phone theft in the UK closer to £7 billion, so we view our £1.2 billion figure as a safe low-end estimate, but reasonable as a modest first effort. We would welcome contact from anyone who may be able to inform different areas of our ongoing research: Contact Jen Mailley on: J.C.Mailley@lboro.ac.uk or 01509 223616.



References

Dubourg, R., J. Hamid and J. Thorns. 2005. The Economic and Social Cost of Crime against Individuals and Households. Home Office online report 30/05.

Mailley, J. S. Whitehead and G. Farrell. forthcoming, 2006). 'Progress and Prospects in the revention of Mobile Phone Theft' Justice of the peace (available from authors)

Mayhew, P. and V. Harrington. 2001. *Mobile Phone Theft*. Home Office Research Study 235. London: Home Office.