

Plastic Card Fraud



Credit Union National Association

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Introduction

Welcome to the *Plastic Card Fraud Training on Demand* course.

As you know, technology provides many conveniences to consumers. Unfortunately, technology is also leveraged by thieves who use this increase in plastic card use to perpetrate fraud.

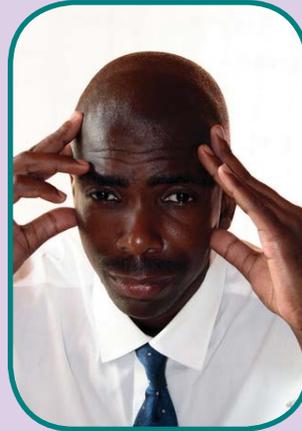
In the past, this type of fraud was not very common. Today, it is a big business for criminals. Plastic cards bring simplicity to your shopping and banking, but if they fall into the wrong hands, they can create nightmares for you.

This course describes common card fraud schemes and provides tips and information you will use to educate and protect members.

Examples of Plastic Card Fraud



“I was on vacation when my credit card was stolen. Within hours I noticed it was missing and called my credit union. The credit union canceled my card before any charges could be made.”



“I use my credit card almost every day. I pay my statements online, but don’t usually review them very carefully. One month however, I noticed an unusually large statement. I looked at the charges and saw several I didn’t remember making.

My credit card was still in my wallet. It turned out that a store clerk had skimmed information off my card when I gave it to him for payment. Apparently he had a laptop hidden beneath the counter that stored skimmed information. He made a copy of my card and began using it to make small, frequent, purchases.”



“I was applying for a mortgage when I noticed a credit card account that I hadn’t opened on my credit report. It turns out that a few months earlier, a neighbor of mine had stolen my mail, including

my credit card offers. She changed my mailing address so that the card, still in my name, was sent to her. She then began using the new card.”

Each of these credit union members experienced plastic card fraud. The information in this course will give you the know-how to guard against methods used to defraud members.

Objectives

Upon completing this course, you will be able to:

- Describe how plastic card fraud impacts your credit union and your members;
- Identify different types of plastic card fraud;
- Recognize plastic card scams such as “skimming”;
- List techniques members can use to safeguard their credit information and prevent fraud;
- Describe ways to prevent card fraud; and
- Verify authentic credit and debit cards.

What is Plastic Card Fraud?

This is a broad term for theft and fraud committed using a credit or debit card, or any similar payment mechanism as a fraudulent source of funds in a transaction. The purpose may be to obtain goods without paying, or to obtain unauthorized funds from an account. Plastic card fraud is typically related to identity theft.

How Does it Happen?

Plastic card fraud begins with either the theft of a physical credit or debit card, or the compromise



of data associated with an account, including the account number or other information that would routinely be available to a merchant during a legitimate transaction.

There are many ways that credit card account data can be compromised and it usually happens without the cardholder, merchant, or credit union’s knowledge, at least until the account is ultimately used for fraud. For example, a store clerk could copy sales receipts and use the account data later to commit credit card fraud.

In other cases, database security lapses associated with the rapid growth of credit and debit card use on the Internet occur, often compromising millions of accounts.