



# Understanding Identity Fraud

## What is it?

Identity fraud is when a criminal steals personal information about an individual and assumes his or her identity by applying for credit, running up huge bills, stiffing creditors and wrecking the victim's credit history. In the U.S., 12.6 million people – or 1 out of every 20 consumers – were victims of identity fraud last year.

## How does it happen?

Identity theft continues to be one of the fastest growing crimes in the United States. Traditionally, criminals gain access to a victim's personal information from a stolen wallet or mail. Another common method is called "friendly fraud" because the criminal is a friend or family member with access to the victim's personal information.

Online and mobile threats continue to grow. According to Javelin Strategy & Research, there are 105 million smartphone users and 42 million tablet users in the U.S. Fraudsters use malware, exploit software vulnerabilities, launch phishing attacks, and compromise unsecured Wi-Fi connections to obtain users' personal information.

## How long does it take to recover and who are the victims?

On average, victims of identity fraud spend 12 hours resolving the issue, but more than half of all victims spend three hours or less resolving fraud incidents with their providers, according to Javelin Strategy & Research.

The Federal Trade Commission releases a report detailing identity theft complaints from consumers each year. Young adults 20 to 29-years-old were the most commonly affected age group in 2012 at 21 percent.

Children are also common targets of identity fraud. Many kids do not find out their information was used – often by a parent or family member – until they apply for credit in their late teens.



### How do banks and credit card companies protect me?

Banks use a combination of safeguards to protect your information, such as employee training, strict privacy policies, rigorous security standards, encryption of information, and fraud detection programs and procedures. Banks also put safeguards on their online banking programs, so that customers can enjoy the convenience without worrying about the security of their information.

Credit card issuers have advanced security systems in place that flag unusual account activity. In addition, a complex encryption technology allows them to ensure that your online purchases are secure. Finally, many companies also offer options such as adding your photo to your credit card.

Customers are protected from loss. Most bank-related incidents of ID theft limit customer liability to \$50 of unauthorized charges, and many lenders will even waive that amount if the loss is reported in a timely manner and an affidavit or attestation to the theft is signed.