



Media Advisory

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Banks: even with new tech, your best defense against fraud is you

DENVER – Holiday shoppers can breathe easier this year, armed with new chip technology in their payment cards, but their best defense mechanism is a healthy dose of caution, says Jenifer Waller, senior vice president of the Colorado Bankers Association.

Across the country, financial institutions have begun implementing EMV chip-enabled cards, making fraud at points of sale virtually impossible. In turn, retailers have begun to implement credit card machines capable of completing transactions with EMV cards carrying chips that encode data for each individual transaction, preventing data breaches.

It is important to note, Waller said, that while banks are working around the clock to get these cards in the hands of consumers, not everyone has a chip-enabled card yet, and more than 64 percent of retailers reportedly have not implemented the necessary technology. Consumers must as always, remain vigilant.

“We do all we can to minimize the opportunity for fraud, and to minimize the pain when a consumer falls victim,” she said. “But it’s important that we all do our part to combat this crime. Businesses, consumers, financial institutions and law enforcement all play vital roles.”

Visa and Mastercard issued rules and guidelines for processors and merchants to support chip technology, including a liability shift that took place Oct. 1. Historically, banks have been responsible for covering the cost of counterfeit fraud, but now the party that has not upgraded its technology will be responsible. If neither party has done so, the liability is the same as it was before Oct. 1. As always, customers are insulated from any losses.

If a customer does fall victim to fraud, he or she can sleep safe knowing the bank will shield them from loss. Most bank-related incidents of ID theft limit customer liability to around \$50 of unauthorized charges, and some waive that fee.

Customers who don't yet have their EMV-chip card can request one from their financial institution – though they are still able to use existing magnetic swipe cards, even at EMV-chip enabled terminals.

Now is the perfect time for consumers to visit Colorado Bankers Association's website aimed at protecting consumers, Waller added.

FinancialInfo.org is home to a wealth of information consumers can use to guard against fraud and prevent credit card, computer and identity theft to warning signs of predatory lending, as well as tips for making a home purchase and choosing the right bank. FinancialInfo.org is a one - stop - shop for consumers to keep themselves financially savvy.

Other topics include:

- Protecting oneself at the ATM
- Knowledge on scams
- Payday Loans
- Vehicle financing
- Credit do's and don'ts
- The danger of credit card debt

What's more, banks have a combination of measures to protect their customers, including employee training, strict privacy policies, rigorous security standards and encryption systems. Also, many banks have special fraud detection software to help flag ID theft and suspicious account activity.

"Often times, banks notify their customers of a problem, before customers are even aware of it," she said.

Most importantly this season, consumers must remember that the increased safety of chip-enabled cards does not extend to online or mobile transactions. In these cases, especially, consumers must exercise caution.

A recent study by ACI Worldwide says a spike is expected in card-not-present fraud and fraudulent in-store pickup. Data for this year show 1 in 86 transactions without a card physically present is a fraudulent attempt, compared with 1 in 114 last year.

Banks are investing heavily in state-of-the-art technologies including "tokenization" technologies like those used in Apple Pay that will play an important role in preventing card-not-present fraud.

In the meantime, banks have generated a number of tips to combat crime.

- Never let your credit or debit card out of your sight.
- Put your cards in an RFID protective sleeve or wallet.

- Protect your PIN! Don't carry it in your wallet, and change it periodically.
- Choose to do business only with companies you know are reputable, particularly online.
- When shopping online, make sure your browser's padlock or key icon is active, indicating a secure transaction.
- Tear up or shred receipts before throwing them away.

FinancialInfo.org also hosts information on:

- Reporting and resolving credit card fraud damage
- Resolving fraudulent electronic withdrawals and checks
- Identity rehab

About the Colorado Bankers Association

The Colorado Bankers Association represents more than 90 percent of the \$123 billion in assets within the 148 banks operating in Colorado. On behalf of the 23,000 men and women who work within a regulated, traditional Colorado bank, CBA works with government to continually improve the banking industry in this rapidly changing environment. CBA focuses on improvements that increase benefits for customers, value for shareholders, and a stronger business climate for our local economies. CBA also provides industry-specific information and education to bankers, offers bank insurance, acts as a partner between bankers and servicers, and provides other miscellaneous services. CBA focuses on creating a stronger economy and helping Coloradans realize dreams by building better banks.