



TriOpus Group

Shaping your company's talent

This month:

SECURING YOURSELF



2007

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Nothing gets our attention more than the thought of theft, fraud, and poor security. We all take comfort in the fact that our savings in North America are protected by FDIC in the United States and CDIC in Canada. We feel equally secure knowing that we are protected by our credit card companies from fraudulent activity on our accounts. But as individuals or companies, should we be worrying about this or is everything under control? This month, our article, 'For everything else there may not be MasterCard' is both comforting and alarming.

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FALLING ASLEEP IN PUBLIC WITH YOUR HAIR PIECE ON THE FLOOR.. PRICELESS



"I have enough money to last me the rest of my life, unless I buy something."

~Jackie Mason



"MONEY IS BETTER THAN POVERTY, IF ONLY FOR FINANCIAL REASONS"

~WOODY ALLEN



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The late Irish author Brendan Behan once said, "There is no such thing as bad publicity except your own obituary."

Some may disagree with that. Take for example the increased number of news items about stolen or corrupted customer information, including credit card records, that hackers have been able to get their hands on. Some of the companies that would probably want to hide from the publicity include Ralph Lauren, Dollar Tree, Cardsystems, and recently TJX, the parent company of TJ Maxx and Marshall's in the United States and Winners and Home Sense in Canada.

As a result of this, one of the most asked questions is, "Am I safe using my credit cards or not?" That's a great question to which I've got two answers: maybe yes and maybe no! Let's look at the yes side first. Most if not all credit card companies protect you from fraud. That's good. In addition, according to Visa, electronic fraud is actually decreasing, dropping from .07% of transactions in 2001 to .03% in 2005. That's good news too. To make you feel even better, Capital One suggests that the public's perceptions don't match the reality. Here's what I mean:

- ☆ 10% of the population claims ID theft but it is really only four percent.
- ☆ The greatest fraud threat is perceived to be on-line but the reality is it is the old fashioned stolen wallet that accounts for 68% of fraud.
- ☆ ID thieves are thought to be strangers but it is your family and friends who steal from you 50% of the time.
- ☆ On-line theft is thought to cost the most but old-fashioned theft really costs about four times more than on-line stealing.

Now before you start getting careless, let's look at the no side. The credit card industry established a twelve point mandatory standard known as the Payment Card Industry Data Security Standard to protect us all through firewalls, message encryption, access controls, and so on. Unfortunately, of the top 1200 retailers – they handle over a million credit card transactions a year each – only one third of them are complying with the standard. That's not so good. In addition, many of these merchants are retaining information they don't need such as credit card numbers and expiry dates. To make things even worse, most on-line retailers are not complying either. Of 150 of them surveyed in 2006, this is what was found:

- ☆ 26% had not started to comply
- ☆ 19% had just started
- ☆ 30% were doing some assessing
- ☆ 3% had complied
- ☆ 19% had failed compliance

Fortunately for all of us, the credit card companies are turning up the pressure, using a carrot and stick approach. Visa is investing twenty million dollars to reward retailers that comply by August 31, 2007 and will levy heavy fines up to \$25,000 per month for non-compliance. In addition, on-line retailers that fail to comply could face fines up to \$500,000 and may not be allowed to accept credit cards. As a consumer, are you still concerned? If so, here's what you can do:

- ☆ Get a free credit bureau report immediately to see if anyone is tampering with your identity.
- ☆ To avoid identity theft, don't carry your Social Insurance or Social Security number with your credit cards and driver's license.
- ☆ Monitor all banking, brokerage, and credit card transactions frequently.
- ☆ Watch for small dollar credit card transactions on your statements.

What should businesses do? Well, there is some great advice from ScanAlerts, a company that helps retailers counter hackers. They claim that you can increase on-line sales by promoting the use of tougher security on your website to the tune of 10 to 33% more sales. In addition, consider these:

- ☆ Be proactive and comply with all the standards.
- ☆ Tell your customers what you are doing on a regular basis. They need reassuring.
- ☆ Always handle account information and records as though they are cash.

This is a serious issue. If consumers lose confidence in using credit cards, the impact will be devastating.