



How Insecure Is Your Credit Card?

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Let's pause for a moment to thank the nice folks at Javelin Strategy & Research. Why? Well, because they took the trouble to survey the credit card world to see which cards are the most secure for consumers. In the battle against identity theft, there are three chief areas that card issuers need to address: prevention, detection, and resolution.

Javelin found that "while almost all card issuers do well in helping their customers after fraud or theft occurs, many need to upgrade their identity fraud detection tools." Here are some of their findings:

- More than half of 25 surveyed issuers still require your full Social Security number for identification purposes. Experts explain that there's no reason to require the whole number, when part of the number, or some other number or word, will do.
- Only 24% of issuers let cardholders set limits on their cards. For example, they might restrict the use of their own card to only vendors within the United States. Or they might set maximum value limits for transactions.
- Just 8% of issuers keep customers updated about their account activity, via email or telephone "transaction alerts." The number of issuers offering this is small, but at least it's growing.
- Another promising trend is that more and more issuers (80%+ of those surveyed) are using log-in processes that feature more than one simple step. For example, a user might need to enter a username and a password, and also answer a question.

The winners

The survey looked at practices by both issuers like **American Express** (NYSE: [AXP](#)), **Bank of America** (NYSE: [BAC](#)), and **Washington Mutual** (NYSE: [WM](#)), as well as retailers such as **Nordstrom** (NYSE: [JWN](#)), **Target** (NYSE: [TGT](#)), and **TJX** (NYSE: [TJX](#)), along with many other big and familiar names.

The top card was Bank of America's Visa Platinum card, scoring 69 out of a possible 80 points and distinguishing itself on fraud prevention. In second place was the American Express Blue card, with 66 points, excelling in detection. Tied for third with 64 points were the **Discover** (NYSE: [DFS](#)) Platinum Card and First National Bank Omaha's Platinum Edition Visa Card.

What to do

So what should you do with this newfound information? Well, of course you could switch to one of the top-rated cards, but that might not be necessary. The card(s) you use might already be decent at dealing with identity theft. And in the coming years, cards are likely to get better at preventing, detecting, and resolving it.



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Still, it's good to know what a best-practices card would offer. So here's a list of what the folks at Javelin would see in an ideal card:

- For fraud prevention: The card would let customers set transaction restriction, use something other than Social Security numbers for identification, include a photo of the user on the card, truncate confidential data when communicating with customers, and urge users to employ security software on their home computers.
- For fraud detection: The card would alert users via email or mobile device when there's a change to the account, such as a password being reset, a new address entered, a new account opened, or an unusual transaction (think \$1,700 spent at an electronics store in Ouagadougou). It would help users monitor their credit records.
- For fraud resolution: It would offer zero liability for fraud, next-day card replacement, identity fraud insurance, around-the-clock ability to suspend accounts, and an identity fraud assistance team.

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