



Group Imagines 'Ideal' Credit Card

August 1, 2007

Research Group Says 'Ideal' Credit Card Would Have E-Mail Alerts, Consumer-Set Restrictions

NEW YORK (AP) -- Imagine a credit card that lets consumers set restrictions for its use -- for example disallowing cash advances. And sends out alerts by mobile phone or e-mail if there's a major change in the account. And promises help in resolving ID theft or fraud.

Such a "dream card" doesn't exist yet, but Javelin Strategy & Research of San Francisco believes that if it did, it would make a dent in the growing problem of identity fraud in the United States.

Javelin, which does research and industry consulting, said in a paper released Wednesday that adding security features could help protect consumers from ID theft and keep them up to date on what's happening with their accounts.

"Card issuers have a golden opportunity to increase loyalty and retention, and strengthen relationships and their brand reputation, by giving consumers simple identity fraud prevention tools they like to use," said James Van Dyke, Javelin's president.

According to Javelin research, 8.4 million Americans were victims of identity fraud last year, with total fraud amounting to \$50 billion. On average, victims spent 25 hours resolving their fraud case, the study found.

Javelin said that secure cards should have a number of fraud prevention tools: allowing customers to restrict certain types of transactions, such as foreign purchases; using identification other than Social Security numbers for verification; and offering a photo on a customer's card.

Only 24 percent of card issuers provide user-defined limits, the study said, and more than half of top issuers still require full nine-digit Social Security numbers when interacting with customers.

To help detect fraud, a financial institution should consider mobile and e-mail alerts of high-risk changes to accounts, including the most serious -- a change of address. Other tools could include notification of new account setups and help for consumers to order and monitor credit reports.

Javelin also recommends that banks and other financial institutions have "an identity fraud assistance team" to help customers affected by ID theft and offer zero liability for fraud.

Though no card offers everything, Javelin said that the current safest cards were Visa Platinum from Bank of America Corp.; Blue from American Express Co.; Discover Platinum from Discover Financial Services LLC; Platinum Edition Visa from First National of Nebraska in Omaha; and Citigroup Inc.'s Citi Platinum Select.

By Eileen Alt Powell, AP Business Writer