

Credit card fraud

The UK is experiencing a rise in credit card fraud, leading to big financial losses for both banks and consumers.

- 1 Have you ever lost your credit card, or had it stolen? If so, tell your partner what happened.
- 2 In the box, four types of credit card fraud are listed. With a partner, try to work out what each involves.

card 'skimming' 'cardholder not present' 'shoulder surfing' false e-mails

- 3 Now read the article and check your answers in exercise 2.

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Credit card fraud is increasing and costs UK consumers and banks in excess of £400 million a year. The biggest form of credit card fraud involves counterfeit cards. The most common way this fraud is carried out is by card 'skimming', where the data from a card's magnetic strip is electronically copied onto another card. This fraud is often carried out in restaurants, shops and petrol stations. You hand over your card and a replica card is produced and used, sometimes on the other side of the world. Skimming UK cards nets fraudsters £160 million a year. 'Cardholder not present' is the second largest type of credit card fraud. This is where people buy something remotely using the details of another person's credit card – over the phone, by mail order or via the Internet. It accounts for a loss of more than £100 million a year.

A card receipt is all a fraudster needs to produce a replica card. You are at most at risk when the fraudster can easily guess your card PIN number. Fraud at ATMs has increased significantly in the last five years.

An increasingly common problem is 'shoulder surfing', where criminals watch as a PIN number is entered, and then steal the card.

In the latest wave of e-mail fraud in the UK, customers of two banks – Lloyds TSB and Barclays – have received a false e-mail designed to extract personal bank details from them. The e-mail tells customers that they need to reconfirm their membership and directs them to a website where they are asked to enter Visa debit card details. The website has now been shut down. This is clearly a scam and Lloyds have confirmed that they would never ask customers by e-mail to enter any of their account details.

After extensive trials earlier this year, UK banks and retailers are gearing up for a change to 'pin and chip' cards. These cards do not need a signature when purchases are made, but instead require consumers to input a four-digit code. It is expected that 850,000 retailer terminals, 120 million cards and 40,000 cash machines will be upgraded over the next 18 months. When a similar programme was launched in France ten years ago, it is estimated that credit card fraud fell by 80%.

- 4 Match the verbs with the nouns to make collocations taken from the article.

- | | |
|-------------|------------------------------|
| a carry out | a cash machine |
| b enter | fraud |
| c input | an e-mail |
| d upgrade | a PIN number/account details |
| e receive | a replica card |
| f produce | a four-digit code |

- 5 Discuss the following questions in small groups and report your ideas to the class.

- a Do you give your credit card details over the telephone, by mail order or via the Internet? Are you confident that such transactions are secure?
- b Have you ever received false (scam) e-mails?
- c Do banks and/or shops in your country use 'pin and chip' technology? Should the UK switch to this type of card?
- d What do you think can be done about the problem of credit card fraud?