



Media Advisory

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FOR IMMEDIATE RELEASE

February 10, 2014

Banks shield customers when fraud happens

DENVER – When it comes to data breaches and fraud, banks have your back.

In the wake of recent debit and credit card information breaches at Target, Neiman Marcus and Michaels stores nationwide, banks have already incurred more than \$170 million in costs to re-issue 17 million cards and replace stolen money in customers' accounts, as well as increased staff time and many other related costs.

“Unfortunately, this isn’t the first time banks have had to take steps to protect their customers from a merchant’s data breach. These cases are costly not only financially, but also expensive in time and trust,” said Don Childears, president and CEO of the Colorado Bankers Association.

Whether banks have the ability to get reimbursed for those costs is uncertain as network settlements have been minor in some cases and litigation in the past has produced mixed results.

“Our first priority is to protect our customers and to make them whole,” Childears said. “When a retailer speaks of its customers having ‘zero liability’ from fraudulent transactions, it’s because our nation’s banks have them covered, not the retailer involved in the breach,” he added.

In 2013, banks prevented \$13 billion in attempted fraud.

But the threat of fraud is ever-growing. The Identity Theft Resource Center reported more than 600 breaches in 2013 – a 30% increase over the previous year. The sectors reporting the most breaches: health care and business.

It's important to note that the security of the payments system – made up of banks, card networks, retailers and processors – is a shared responsibility. Each of those groups must invest the necessary resources to combat increasingly sophisticated threats to the system, Childears said.

Banks take a number of steps to protect their customers, including:

- Strict monitoring accounts for indications of suspicious activity.
- Blocking and reissuing cards for affected accountholders.

Customers, too, can take steps to protect themselves against fraud, by taking the following steps:

- Check your account often for suspicious activity – either through the Internet, phone or ATM statements
- Enroll in mobile fraud alerting programs that your bank may offer to warn of suspicious activity on your accounts
- If you have a reason to suspect fraud, contact your bank right away by phone, your online banking site, or at the branch
- Never let your credit or debit card out of your sight
- Put your cards in a 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 is home to a wealth of information consumers can use to guard against fraud and financial crimes. There, consumers can find tips on how to 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 CBA's 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

About the Colorado Bankers Association

The Colorado Bankers Association represents more than 90 percent of the 145 banks in Colorado, which have \$110 billion in assets, 1,700 branches, and 20,000 proud professionals. CBA advocates for Colorado banks of all sizes and charter types before governmental bodies and the public to continually promote

and improve the banking industry amid challenge and a changing environment. CBA proactively seeks to increase benefits for bank customers, improve value for shareholders, and grow a stronger business climate for banks and our local economies. CBA supplements its effective advocacy with superior industry-specific information and education for bankers, and various high-quality products and services. CBA focuses on Building Better Banks and Helping Coloradans Realize Dreams.