

# Identity theft: Check credit card fraud and misuse

Incidence of identity theft is still rising due to the increased sophistication of criminal networks

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- Some cardholders who are pressed by difficult economic times have also tried to fleece their own banks by reporting genuine transactions as fraud.
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You walk up to the store, swipe your card and realise there is no money left in your account. Then, you learn that someone else on the other side of the world has been on a wild spending spree using your account.

Sanjay Varma, a flight purser from India, knows what it's like to be a victim of card fraud. A little more than a year ago, his credit card details fell in the wrong hands and some people made online purchases pretending to be him.

"When I checked my credit card statement online, I noticed that someone from Dubai used my card number to purchase an Air Arabia ticket for about Dh600, then another one from Russia bought an Aeroflot ticket for about \$700," says Varma.

"All these transactions were done online. I had no clue at all how these people managed to get my credit card details. That was very scary," he adds.

The Indian expat immediately informed his bank in the UAE and was thankful he got his money back without going through so much hassle.

"The bank told me that these things do happen, but they're pretty good. They reimbursed my money after I reported the matter. And that's precisely why I didn't close my account with them."

"But I did change my credit card after that and I've been very conscious since then. I don't use my credit card anywhere anymore and I try to refrain from using my card online," he says.

The unauthorised transactions on Varma's credit card happened after UAE banks announced they had introduced new security measures in response to a countrywide increase in card fraud more than two years ago. In 2008, three members of a gang were arrested after allegedly stealing credit card information from thousands of UAE bank customers.

According to statistics recently released by ACI Worldwide, an international provider of payment systems, the incidences of fraud in Dubai are still rising, due to the increased sophistication of criminal networks and the ability of fraudsters to communicate with each other through undetected internet communications. In 2010, 28 per cent of Dubai residents reported being a victim of card fraud, up by 75 per cent from the preceding year, ACI data reveals.

Contributing to the increase is the rising number of consumers complaining and voicing their concerns over fraud cases. Besides, some cardholders who are pressed by difficult economic times have also tried to fleece their own banks by reporting genuine transactions as fraud.

"The financial crisis has also driven more people towards this type of crime. The result is that we are seeing an increase in fraud being perpetrated by cash-strapped cardholders who take advantage of the banks. This is known in the industry as first-party fraud," said Andrew Rochford, ACI Worldwide's fraud and risk consultant, Middle East and Africa.

There is also a trend towards criminals buying goods using a card online. One more contributing factor is the banks' continued efforts to promote plastic money and move Dubai away from a traditionally cash-based economy.

"The more cards are used, the more opportunity there is for fraud."

"Although the resident population has decreased, Dubai continues to attract increasing numbers of tourists and shoppers, aided by cheap offers and promotions. A market attractive to shoppers is also attractive to criminals," Rochford added.

Michael Donald, head of cards at the National Bank of Oman, noted that card fraud increased at the beginning of the financial crisis, as organised crime syndicates hit the UAE.

"The UAE and Dubai in particular as a major shopping, tourist and business destination has attracted wealthy visitors in great numbers. The volume of transactions and volume of tourists is like bees and honey to fraudsters and they particularly target these locations."

"One of the reasons why there are fraudulent card transactions in the UAE is also the fact that EMV cards, or chip cards as they are also called, are not yet widely adopted by local banks," added Bernado Nicoletti, a prepaid expert.

Nicoletti noted that in the UK, where the so-called chip and PIN cards are being used, there has been a substantial drop in fraud.

Card fraud can occur in many ways. "Criminals can steal cards, capture the card account data stored on the magnetic stripe using skimming devices, produce counterfeit cards using the account card data, make false impressions, use the card number in unauthorised ways and a host of other scenarios," said Kamran Siddiqi, Visa general manager, Middle East.

"Some fraudsters, and we have seen cases of this in the UAE, have also been targeting ATM machines, stealing card account data using skimming devices and the cardholder's PIN using hidden micro-cameras."

Richard Hextall, head of personal banking at Lloyds TSB, recalled there was a widespread increase in card fraud in the UAE in the latter part of 2008 and some of their customers were "unfortunately impacted".

"That's why in 2009, we accelerated our plans to launch chip and PIN functionality on our credit and debit cards. [This] provides customers with a more secure way to pay and also offers improved protection against card-related fraud.

"We also implemented an intelligent fraud monitoring system which is designed to monitor transactional activity in customer accounts. The system is able to report any deviation from the usual spending pattern so that a pro-active investigation can take place," he said.

Educating customers about card protection, providing them tips to ward off fraudsters, and orienting them about phishing scams is being implemented as well. "While customers are now better protected against card-related fraud, security continues to be one of our top priorities," Hextall said.

*Have you ever been a victim of credit card fraud? Was your case resolved to your satisfaction? How was it dealt with?*