
The State of Cybersecurity

The Facts About Credit Card and Debit Card Safety



- Account Security
- Personal Protection Tips
- Reporting Fraudulent Use
- Consumer Liability

The safety and security of credit and debit cards has improved over the years. From simple signature verification to PIN numbers and now to chip embedded “smart cards.” These advancements in card security and protection work best when you know how to protect your cards from criminals—both online or in-person.

The distribution of chip-embedded credit and debit cards to account holders is well underway.

Many people have wondered about receiving a new credit or debit card with both the old and new security features. The answer is simple: this embedded chip card technology requires the installation of new point of purchase machines and new software to read and complete secure transactions.

■ What should you expect?

The new security offered with chip technology only works if you dip or insert the card into a properly equipped retail point of sale terminal or ATM machine. If you **swipe** your card at any retail location, then the advanced chip technology is not activated.

Online retail transactions or purchases using your “smart card” do not offer the same chip card protection because the microprocessor technology only works for in-person transactions where you **dip or insert** the card into a reader.

■ 4 Personal security measures that make a difference

1. If your card requires a PIN (personal identification number) do not share it with anybody, and do not write it on your card.
2. Use strong passwords – experts advise a combination of letters, special characters and numbers and to avoid using birthdays or home addresses.
3. Check your account statements regularly. If you notice any suspicious activity on your account or unauthorized purchases, then notify your financial institution and card-issuer immediately by calling the number on the back of your card.

4. Check your credit report often – you are entitled to one free credit report annually from each of the three major credit bureaus. Go to **www.annualcreditreport.com**.

■ **What should I do if my card is lost, stolen or misused?**

If you suspect or have proof that a merchant where you have used your credit or debit card is not secure, if you believe you are a victim of identity theft, or if your card is lost or stolen, you should act immediately (see “*Understanding Your Liability*”):

- Report the lost or stolen card to the card issuer
- If you have proof of theft or criminal misuse, file a police report

■ **Understand your liability**

Federal laws provide strong protections if your credit or debit card is used to make unauthorized purchases.

Credit cards. The Truth in Lending Act limits consumer liability for unauthorized use of your credit card. If someone steals your credit card then your liability is capped at \$50 for unauthorized charges; if you report the loss before the charges occur, you have no liability. Also, if someone uses your credit card number but not the card itself, you have no liability for unauthorized use.

Debit cards. The Electronic Fund Transfer Act limits consumer liability for funds stolen from your debit card account through fraud such as skimming and for other unauthorized transfers, depending on how quickly you report the loss. Your liability can range from \$50 to \$500, or more. (see **www.ftc.gov** for a full detailed explanation)

■ **Resources**

Go to any of these sites and type “debit card” or “credit card” in the search window:

- Federal Trade Commission
<http://www.ftc.gov>
- U.S. Treasury Department
<http://www.treasury.gov>
- Federal Reserve Board
<http://www.federalreserve.gov>
- Consumer Financial Protection Bureau
<http://www.consumerfinance.gov>