



Contact:  
 Elizabeth Travers  
 etravers@javelinstrategy.com  
 925-225-9100 ext. 15

Julie Goldman or Michael McDonough  
[javelin@schwartzcomm.com](mailto:javelin@schwartzcomm.com)  
 781-684-0770

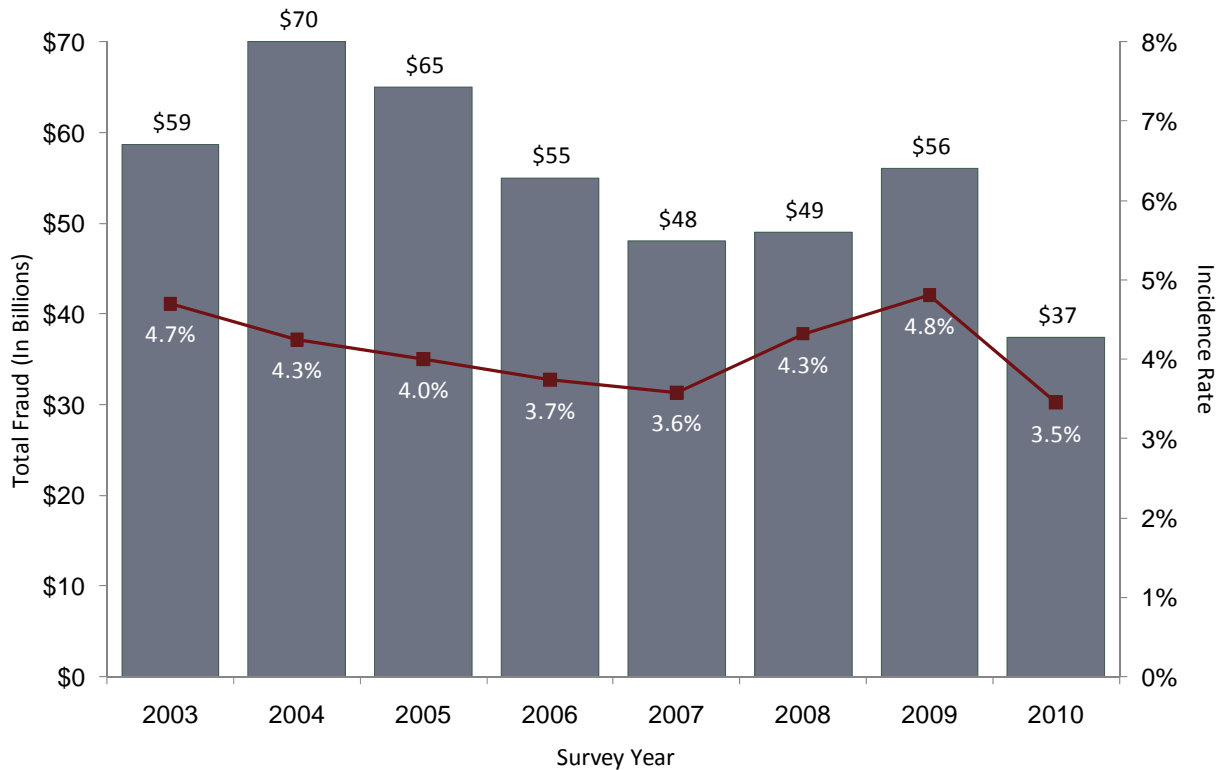
## Identity Fraud Fell 28 Percent in 2010 According to New Javelin Strategy & Research Report

*“Friendly Fraud” and Consumer Costs on the Rise;  
 Non-Credit Card and New Account Fraud Also Increased*

*Findings Underscore Need for Continued Vigilance*

SAN FRANCISCO, February 8, 2011 – The [2011 Identity Fraud Survey Report](#), released today by Javelin Strategy & Research ([www.javelinstrategy.com](http://www.javelinstrategy.com)), reports that in 2010 the number of identity fraud victims decreased by 28 percent to 8.1 million adults in the United States, three million fewer victims than the prior year. Total annual fraud decreased from \$56 billion to \$37 billion, the smallest amount in the eight years of the study. While overall fraud declined, consumer out-of-pocket costs rose significantly, mainly due to the types of fraud that were successfully perpetrated and an increase in “friendly fraud.”

**Identity Fraud Trends**  
 Javelin Strategy & Research, Co-Sponsored by Fiserv, Intersections Inc., Wells Fargo



November 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003  
 n =5,004, 5,000, 4,784, 5,075, 5,006, 5,003, 4,000, 4,057

Q29: What is the approximate total dollar value of what the person obtained while misusing your information? Q4: Have you, yourself, ever been a victim of identity theft?

Base: All consumers.

© 2011 Javelin Strategy & Research

Now in its eighth consecutive year, the comprehensive survey is independently produced by [Javelin Strategy & Research](#) and sponsored by [Fiserv](#), [Intersections Inc.](#) and Wells Fargo & Company, companies dedicated to consumer fraud prevention and education. It is the nation’s longest-running study of identity fraud, with 37,929 respondents over the past eight years.

# Javelin Strategy & Research

## 2011 Identity Fraud Report

### Page 2

Identity fraud is defined as the unauthorized use of another person's personal information to achieve illicit financial gain. From September through November of 2010, 5,004 telephone interviews were conducted with U.S. consumers to identify important findings about the impact of fraud and to uncover areas of progress and areas in which consumers must exercise continued vigilance.

"Identity fraud underwent a marked decline and shift over the past year. This great news is a testament to the significant efforts businesses, the financial services industry and government agencies are making to educate consumers, protect data, and prevent and resolve identity fraud," said James Van Dyke, president and founder of Javelin Strategy & Research. "Economic conditions also appear to have contributed to this year-over-year decline, as well as increased security measures and some significant law enforcement successes. However, the rise in out-of-pocket costs carries a warning. Consumers cannot put their finances on autopilot or ignore important safeguards. Simple safeguards may dramatically reduce fraud risk, such as frequently monitoring banking, credit and other financial activities, securing computers and paper records, and activating electronic alerts to help prevent fraud and address the situation quickly when it occurs."

### Key Survey Findings

The survey found five overall fraud trends:

- **Overall identity fraud incidents decreased in the United States in 2010**—The number of identity fraud incidents decreased by 28 percent over the past year, which brought them down to levels not seen since 2007. The mean fraud amount per victim declined from \$4,991 in 2009 to \$4,607. One likely contributing factor was the significant drop in reported data breaches according to industry reports: 404 in 2010 with 26 million records exposed, compared to 604 in 2009 with 221 million records exposed.
- **Consumer fraud costs increased in 2010**—While fraud incidents decreased, the mean consumer out-of-pocket cost due to identity fraud increased 63 percent from \$387 in 2009 to \$631 per incident in 2010. This may be attributable to changes in the types of fraud perpetrated in 2010, including new account and debit card fraud, highlighting the need for continued consumer vigilance. Consumer fraud costs include costs incurred by the victim towards payoff of any fraudulent debt as well as fees (legal or otherwise) to resolve fraudulent claims.
- **New account fraud was most damaging**—Although all types of fraud declined over the past year, new account fraud was responsible for the greatest fraud amount (\$17 billion). New account fraud, in which accounts have been opened without the victim's knowledge, is harder to detect and is the most likely to severely impact the victims. Existing card fraud amounts declined by 38 percent to \$14 billion from \$23 billion in 2009.
- **"Friendly fraud" is on the rise**—Friendly fraud – fraud perpetrated by people known to the victim, such as a relative or roommate – grew seven percent last year, with consumers between the ages of 25-34 most likely to be victims of this type of fraud. People in this age group are most likely to have their Social Security number (SSN) stolen—with 41 percent of fraud victims in this group reporting theft of their SSN.
- **Fraud inversely mirrors retail sales**—The Javelin study found an interesting correlation between retail sales and fraud incidence, with the amount of fraud almost perfectly inversely mirroring retail sales over the past seven years. When retail sales have increased, fraud has decreased, which points to economic hardships as an overall contributor to fraudsters committing identity crimes.

### Understanding the Findings

Approximately three million fewer adults were victimized by identity fraud in 2010, compared to 2009. This is the largest single-year decrease since Javelin started tracking data in 2003 and exceeds the combined decline from 2003-2007, when identity fraud started to increase again. The largest drop previously was 800,000 consumers between 2003 and 2004.

Some factors leading to this decline include the more stringent criteria financial institutions are applying to authenticate users and determine credit risk; as well as more Americans monitoring accounts online and using monitoring protection services that can provide updates to mobile devices. Additionally, according to industry data, reported data breaches dropped significantly, with just seven percent of the U.S. population receiving notifications that their information was exposed in a data breach.

Account takeover was one of the most common forms of identity fraud. When examining account takeover trends, the two most popular tactics for fraudsters were adding their name as a registered user on an account or changing the physical address

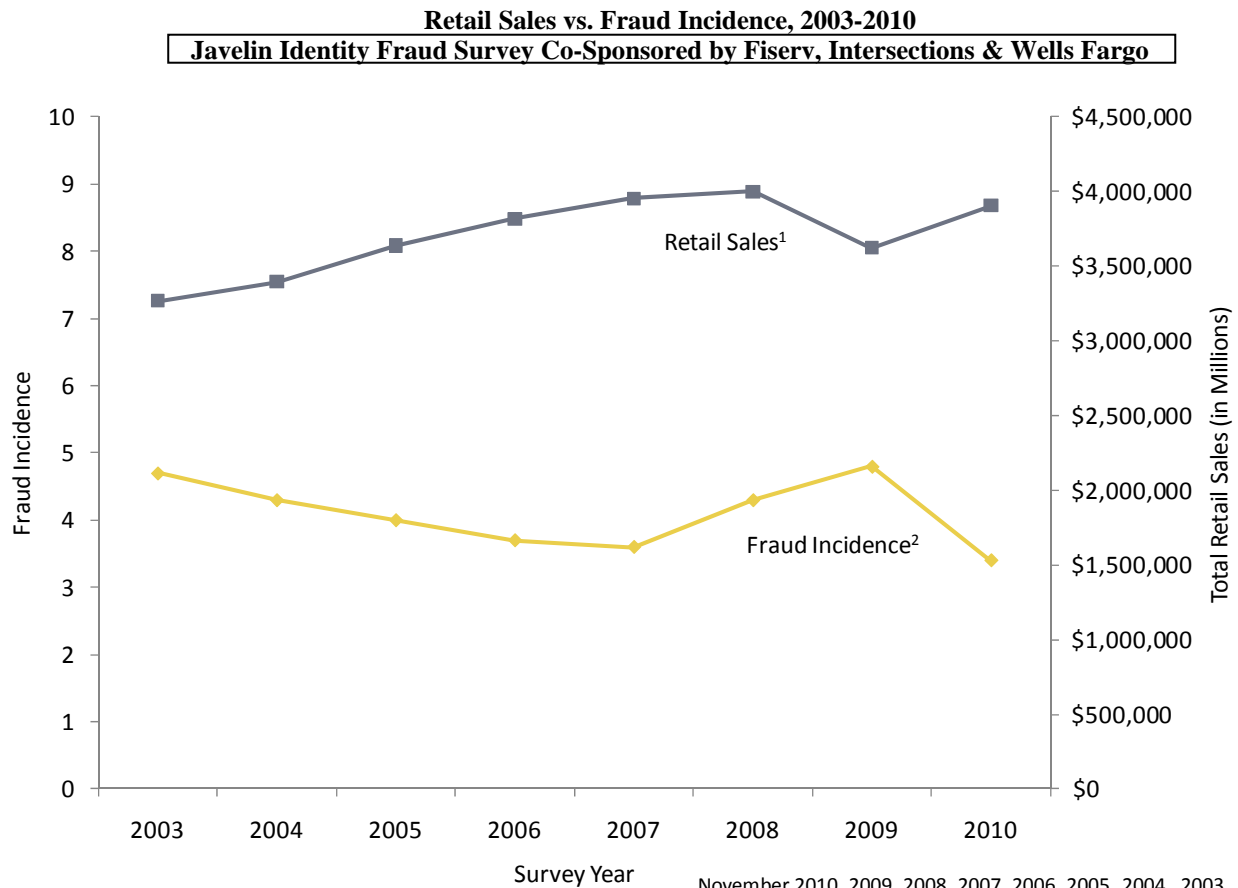
of the account. In 2010, changing the physical address became the most popular method, with 44 percent of account takeover incidents conducted this way.

New account fraud is the most damaging to consumers, and the study found that fraudsters are changing their patterns to make it harder to detect. There was a shift to fraudulent opening of non-bank and non-card accounts, such as health club memberships, home phone and cable subscriptions. This type of fraud will not necessarily be caught by checking credit reports. To detect them, consumers should carefully examine financial statements, and consider using a service that monitors public records.

New account fraud was also the type of fraud most likely to be perpetrated by “friendly fraudsters,” and accounted for roughly 30 percent of new account fraud for which the cause was known. While existing card information would appear to be easy to obtain from acquaintances, existing card fraud was less than half as common as new account fraud.

**Retail Sales and Identity Fraud**

Notably, for at least the past seven years, the state of retail sales has had a direct, inversely proportional correlation to identity fraud. This strongly indicates that as retail sales grow, fraud incidents decrease. This may indicate how the state of individuals’ financial conditions correlates to their likelihood to perpetrate identity fraud.



November 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003  
Retail Sales: <http://www.census.gov/retail/marts/www/download/text/adv44000.txt>, n= 5,004, 5,000,4,784, 5,075, 5,006, 5,003, 4,000, 4057  
Accessed December 21, 2010.<sup>1</sup> Base: All consumers.  
Fraud Incidence: Javelin's Annual Identity Fraud Survey.<sup>2</sup> © 2011 Javelin Strategy & Research

**Financial Services, Business and Law Enforcement Working Together to Protect and Educate Consumers**

“The financial services industry, businesses and law enforcement have been working harder than ever to crack down on fraud and to educate consumers about how they can protect themselves, and this year’s study clearly indicates these efforts are having a positive impact,” said Steve Cox, president and CEO, Council of Better Business Bureaus. “In order to retain consumer trust and confidence, businesses must continue to take all steps necessary to safeguard data and educate customers about how to protect themselves and respond to incidents. Now is not the time to let up. Consumers should remain vigilant and be careful not to expose personally identifiable information over social networks and to acquaintances.”

## **Six Safety Tips to Protect Consumers**

### **Prevention**

1. **Keep Personal Data Private**—At home or work, secure your personal and financial records in a locked storage device or behind a password. In 2010, 14 percent of all identity fraud crimes were committed by someone previously known to the victim when the method was known. Avoid mailing checks to pay bills or to deposit funds in your banking account. Instead, use online bill payment. Continue to use the shredder for information that contains your personal information as well as any non-online statements.
2. **Don't Overshare on Social Networks**—While people connect with friends and acquaintances on social networks, sometimes they share too much information (full birthdate, pet's name, etc.). For example, the AARP found that 27 percent of people age 50+ use social networks, but the Javelin research found that 36 percent of people aged 65+ do not use the privacy settings on their network,<sup>1</sup> potentially exposing crucial information to fraudsters. The good news is 89 percent of 25-34 year olds were actively using the privacy settings on social network sites.
3. **Use Your Debit Card Wisely**—With the declining use of credit cards and the rise of debit cards, debit card fraud returned to 2006 levels. Obtain credit and debit cards from financial institutions that provide zero liability protection if a card is ever lost, stolen or used without authorization. Report lost or stolen cards, or suspected fraud, immediately.

### **Detection**

4. **Be Vigilant**—Monitor your accounts regularly online at bank and credit card websites, ATMs or by phone, and set up alerts that can be sent via e-mail and to a mobile device. The study found that 48 percent of all reported identity fraud cases are first detected by consumers. At a minimum, consumers should review their credit report no less than once per year.
5. **Learn About Identity Protection Services**—There are services for consumers who want extra protection and peace of mind. These include credit monitoring, fraud alerts, credit freezes and database scanning, some of which can be obtained for a fee and others at no cost. These services can detect much of the fraud that a credit report does not detect.

### **Resolution**

6. **Report problems immediately**—Work with your bank, credit union or protection services provider to take advantage of resolution terms, loss protections and methods to secure your accounts. A fast response can enhance the likelihood that losses are reduced, and law enforcement can pursue fraudsters so they experience consequences for their actions.

#### **For Additional Educational Tips, Consumers Should Visit:**

- Fiserv  
<http://www.ebillplace.com/staysafe>
- Intersections Inc.  
<http://www.identityguard.com/aboutidentitytheft/landing.aspx>
- Wells Fargo  
[www.wellsfargo.com/privacy\\_security/fraud\\_prevention/](http://www.wellsfargo.com/privacy_security/fraud_prevention/)
- Better Business Bureau  
[www.us.bbb.org](http://www.us.bbb.org)

To take an identity fraud safety quiz and download a free consumer version of Javelin's identity fraud report, and get additional safety tips, visit [www.idsafety.net](http://www.idsafety.net).

<sup>1</sup> <http://assets.aarp.org/rgcenter/general/socmedia.pdf>

**Javelin Strategy & Research**  
**2011 Identity Fraud Report**  
**Page 5**

**Law Enforcement Professionals** who are interested in obtaining a copy of the complete report, please contact: [etravers@javelinstrategy.com](mailto:etravers@javelinstrategy.com).

**About Javelin Strategy & Research**

Javelin is the leading independent provider of quantitative and qualitative research focused exclusively on financial services topics. Based on the most rigorous statistical methodologies, Javelin conducts in-depth primary research studies to pinpoint dynamic risks and opportunities. Javelin helps its clients achieve their initiatives through three service offerings, including syndicated research subscriptions, custom research projects and strategic consulting. Javelin's client list includes some of the largest financial institutions, technology enterprises and security firms.

For more information on this project or other Javelin studies, visit [www.javelinstrategy.com/research](http://www.javelinstrategy.com/research).

###

*All trademarks are the property of their respective owners.*