Identifying ID theft and fraud

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If the wife of FBI boss Robert Mueller has warned him not to use internet banking because of the threat of online fraud, then what hope is there for the average Jo? The results of research published in a forthcoming issue of the *International Journal of Business Governance and Ethics* suggests that more of us are no longer entrusting our finances to virtual accounts.

According to Susan Sproule and Norm Archer of McMaster University, Ontario, Canada, identity theft and fraud are an increasing concern to consumers who interact with online businesses routinely.

Phishing for logins is not the only problem. Credit card skimming, insider theft, and counterfeiting of digital information, and ID "trafficking" are also on the increase. All of these types of fraud are costly for the individuals involved both financially and often in terms of the time needed to clear their name when illegal use has been made of their personal details.

The Canadian team has now created a model of how consumer identity theft and fraud occur and in parallel report on a recent survey of Canadian consumers. In assessing fraud concerning credit cards, existing bank accounts, new accounts, and other frauds, they find that one in five people have stopped or reduced the amount of shopping that they do online while almost one in ten are no longer carrying out banking online, or have reduced the amount of online banking that they do because of fraud worries.

"These findings are of concern to business and government," Sproule says, "since, if consumers stop doing business online, the productivity benefits of e-business will not be realized." Until recently there was little information on the problem of identity theft in Canada, in particular, and there were no coordinated efforts within the academic community to examine the problem. She adds. "It was believed that, if unchecked, the problems around identity theft and fraud could have a significant effect on e-commerce."

Fortunately, since 2005, Sproule and her colleagues have been involved in a multidisciplinary program that has brought together researchers from four universities and subject matter experts from the financial and telecommunications sector. Their research is allowing them to define the processes involved in identity theft and to measure its reach.

The team's model of cyber crimes has now defined ID theft and fraud as two distinct but related problems, which could not only help legislators to develop new laws and law enforcers in the pursuit of criminals, but also help educate an unwary public as to how their personal data might be misappropriated and used fraudulently.

More information: "Measuring identity theft and identity fraud" *Int. J. Business Governance and Ethics*, 2010, 5, 51-63

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