

Credit card companies seek new ways to increase payment security

March 26 2014

In the wake of some wide-ranging breaches in credit card data, Mastercard and Visa this month announced an initiative to increase payment security, including expanding chip technology in the U.S.

"The recent high-profile breaches have served as a catalyst for much-needed collaboration between the retail and financial services industry on the issue of payment security," Ryan McInerney, president of Visa Inc., said in a statement this month.

The integrated circuit cards generate a unique code for every transaction, which make it nearly impossible for the cards to be used for counterfeit activity, security officials said. The smart card technology is widely used in Europe, Asia and Canada.

MasterCard and Visa had previously imposed an October 2015 deadline for U.S. banks and merchants to implement the new technology. The new initiative, which includes banks, credit unions, merchants, manufacturers and industry trade groups, will also work on ways to better protect online and mobile transactions.

The new security measures can't come soon enough.

On Saturday, MasterCard said it was investigating reports that the California Department of Motor Vehicles may have experienced a breach of credit card data involving online transactions for agency services.

MasterCard is "aware of and investigating" reports of a potential breach, spokesman Seth Eisen told The Los Angeles Times. He said the company was communicating with its customers but could provide no details on information that may have been compromised or how many cardholders may be affected.

Eisen urged cardholders to review their account statements and to call the number on the back of their card if they notice any unusual activity. He also emphasized that the MasterCard system itself had not been affected.

A DMV spokesman reached by The Times on Saturday morning declined to comment.

Security blogger Brian Krebs - who broke the story of the blockbuster breach of Target customers' [credit card](#) data last year - cited several financial institutions that received private alerts this week from MasterCard about compromised cards used for charges marked "STATE OF CALIF DMV INT."

It remains unclear how many people might be affected, but Krebs reported that one bank received a list from MasterCard of more than 1,000 cards that were potentially exposed.

Krebs reported that the information stolen included [credit card numbers](#), expiration dates and three-digit security codes printed on the back, but it remained unclear if other sensitive information - such as driver's license or Social Security numbers - was also taken.

The potentially problematic transactions were believed to have been made between Aug 2, 2013, and Jan. 31 of this year, Krebs reported.

According to the latest information released by the DMV, more than

11.9 million [online transactions](#) were conducted with the agency in 2012, marking a 6% increase from the year before. Online services include transactions such as payments of registration fees and the purchase of specialized license plates.

Last year, an estimated 40 million Target customers' credit and debit card accounts were illegally accessed from Nov. 27 to Dec. 15, while as many as 70 million shoppers may have had their names and home and email addresses stolen over an indeterminate amount of time.

Also last year, Neiman Marcus Group said data from more than 1 million of its customers' payment cards may have been nabbed by hackers who breached the upscale retailer's system. Malicious software was surreptitiously installed to collect, or "scrape," payment card information from July 16 to Oct. 30, leaving 1.1 million cards "potentially visible" to hackers, the company said.

In January, Neiman Marcus said it was informed by Visa, MasterCard and Discover that 2,400 cards had since been used fraudulently.

©2014 Los Angeles Times

Distributed by MCT Information Services

Citation: Credit card companies seek new ways to increase payment security (2014, March 26) retrieved 2 May 2024 from

<https://phys.org/news/2014-03-credit-card-companies-ways-payment.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--