

## PM with Mark Colvin

Monday to Friday from 6:10pm on ABC Local Radio and 5:10pm on Radio National.

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# Calls for increased credit fraud protection

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MARK COLVIN: A possible security breach involving a credit card merchant has left thousands of Australians out of pocket today. Worries about the security of one of the merchant's terminals caused the Commonwealth Bank to cancel and reissue up to 8,000 cards.

The NAB, ANZ, Westpac and St George have also blocked, restricted or cancelled some customers cards. A string of security glitches has hit the banks in recent months; the latest incident raises questions about the banking sector's commitment to transaction security.

David Taylor reports.

DAVID TAYLOR: The days of handing over cash at the local retailer are slowing fading away. Many Australians now enjoy the convenience of using a single credit card to pay for their shopping. But does that convenience come at a cost?

Stephen Munchenburg from the Bankers' Association says it's all under control.

STEPHEN MUNCHENBURG: Well look it is uncommon to get these sorts of data compromises. We have seen some internationally recently but it's uncommon to have them in Australia. But banks do have a whole range of systems in place that are designed to deal with exactly this sort of situation.

DAVID TAYLOR: It's not unfamiliar ground for the major banks. In fact they have systems in place ready to respond to any perceived breaches of security.

STEPHEN MUNCHENBURG: There is a danger that someone's who's not entitled to your credit details has somehow got hold of them and therefore there is a risk of fraud. So what the banks will do in that situation is they will identify all possible accounts that may have been affected.

They will monitor those accounts to make sure that there aren't any transactions that look unusual and in some instances, as we've seen this morning, the banks will say, well look it's just safer to reissue people with new credit cards just so that their details are absolutely safe.

DAVID TAYLOR: Stephen Munchenburg says cases of fraud only spur banks to work harder at security.

STEPHEN MUNCHENBURG: Oh look it does cost banks money but that just gives the banks that added incentive to make sure they're investing in good security systems as well.

DAVID TAYLOR: But are they actually doing that?

Brian Johnson is a banking analyst with CLSA. He says banks have not invested enough in online security.

BRIAN JOHNSON: Well there's no doubt about it; the technology is certainly very ageing and I think in recent years the banks probably, the best description would be that they really have sweated the assets and perhaps underinvested in it and you know we're now starting to see the prices being paid for that, which is that relatively small kind of physical failures in equipment can have quite devastating implications for basically access for customers.

DAVID TAYLOR: It comes down to the costs of re-evaluating their security systems and making the appropriate changes. Costs Brian Johnson says will only get bigger if no changes are made.

BRIAN JOHNSON: The financial implication of this, of these kind of disruptions that we're seeing in retail banking are that all banks globally basically need to invest in their distribution platforms and we see that. And you know the quantum of the investment that is required to basically improve this is actually quite substantial.

DAVID TAYLOR: That investment is becoming more necessary.

Jost Stollmann is the chief executive of Tyro Payments. He says the current credit card payment system employed in businesses around Australia is wide open to attack.

JOST STOLLMAN: One of the problems, David, is that security's actually very tough and very difficult and it's getting worse. As you see payments moving into integrated spaces into online and into mobile, we have cardholder data in many different places and they are more and more fronts of attacks.

DAVID TAYLOR: He says the banks have simply got ahead of themselves and must now allow time for technology to catch-up with their business.

JOST STOLLMAN: The challenge is getting bigger because of the proliferation of payments and because payments move into the online and mobile space. I think that the marketing is well in advance on the security.

DAVID TAYLOR: All three banks involved in today's security alert said customers would not be liable for any stolen funds, fees or charges incurred as a result of the card cancellations.

The banks will investigate what's happened and make a decision whether the breach warrants a criminal investigation.

MARK COLVIN: David Taylor.

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