

New Scam Creates Need to Closely Inspect New Credit Cards for Tampering

April 17, 2018 - The US Secret Service has issued a warning on a new credit card scam in which the cards computer chip is stolen and a substitute bad chip is inserted into the card. Here's what you need to know.

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Older style credit and debit cards just had a magnetic strip on them for data storage. Newer cards contain a computer chip that is nearly impossible to hack. The new scam is a way to get around this problem.

The people behind the scam are intercepting cards when they are mailed by the issuing bank. They are targeting corporate customers with many cards. This allows them to get access to many cards at once. Once they are in possession of the cards, they pry out the good computer chips and replace them with bad chips. They then place the cards back into the mail and send them on to the intended recipients.

When the cards are received by the bank's customers, cardholders typically need to make a phone call to activate their new cards. As soon as activation takes place, the stolen chips can be used to make purchases.

According to the warning, it is almost impossible for the card chips to be pried out without some damage to the card. Recipients of new cards should closely inspect their cards for damage. Anyone who suspects their card may have been damaged should take their card into the bank for activation. If the card won't work in the bank's chip reader, it should be cancelled immediately and a replacement card should be issued.

The scam can be used on both credit and debit cards. Banking laws for reporting debit card losses are significantly different for corporate users than they are for individuals. Companies that experience a financial loss due to this type of fraud could be responsible for covering their own losses. For this reason, it is extremely important that corporate debit card users be aware of this scam and that employees with debit card access be given training on this issue. It is also important to note there is no reason to think this scam won't spread to consumer credit and debit cards. Even though individual consumers may not be the primary target, consumers should also inspect any new cards they receive for tampering.

by Jim Malmberg

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