

Virtual Account Numbers and Identity Theft Protection

June 7, 2019 - Several years ago, American Express offered its customers a feature to prevent credit card fraud: Virtual credit card numbers. Anyone with an American Express Card could go online and in a minute or two you could get a credit card number that was good for a single purchase or a single merchant. The service gave consumers a valuable weapon in the fight against fraud. Unfortunately, AmEx no longer offers the service at least, not at the consumer level. But some company's do, and that raises an interesting question. Why aren't virtual account numbers offered in more places, and why would virtual numbers be limited to credit cards? Why not virtual SSN's too?

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s.src = 'http://widgets.digg.com/buttons.js';
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The technology to provide virtual account numbers has existed for years. Just run a legitimate account number through an algorithm and you can magically come up with a new account number. And if you change the algorithm regularly, it would be very difficult for anyone to hack it.

When associated with credit cards, virtual cards offer a lot of advantages. For instance, you may have a credit limit on your actual card of \$10,000. But with a virtual card, you may be able to set a much lower limit say \$100. That significantly reduces your exposure to fraud on the off chance that someone gets their hands on your virtual account number.

But there is no reason to limit virtual numbers to credit cards. The Social Security Administration could easily implement virtual SSN's to help prevent identity theft. And insurers could do the same thing with insurance numbers to help prevent medical identity theft. So why aren't they? It's a legitimate question to ask when you consider that in 2018 the consumer costs alone for deal medical ID theft totaled nearly \$1.2 Billion.

Certainly, there are times when virtual numbers aren't an option. There are occasions that when you are making a purchase, the merchant will require you to present your credit card and proof of identification. Likewise with insurance numbers. If you are in an accident and taken to an emergency room, you're probably not going to call your insurer to ask for a virtual ID number.

But offering this type of number would certainly reduce overall exposure to fraud and identity theft for consumers. And they would reduce the overall costs for this type of fraud to the entire country.

At present, Citi, Banks of America and Capital One all offer consumer credit card holders the ability to get a virtual credit card. We also know that American Express and JP Morgan Chase offer virtual cards to their business clients. This isn't a comprehensive list, so you should check with your credit card providers if you are interested in using virtual cards.

As for the Social Security Administration, they don't offer a virtual SSN and as far as we know, they have no plans to in the future. And we are completely unaware of any insurer that offers virtual numbers. That's a real shame because the average cost to a consumer who becomes a victim of medical identity theft is \$13,500. Ouch!

byJim Malmberg

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