

5 Ways to Boost Your Security Against ID and Credit Card Theft

By Bryan Mills

A week hardly passes without news of credit card and identity theft. Here are some security measures you can take, including some you've not likely heard of before now.

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About a year ago, I was sitting down to dinner with my family when I got a phone call from a department store inquiring about my new credit card and recent purchases. I knew right away I had a problem because I'd never shopped at that store.

I left my dinner and started my own investigation. I spent dozens of hours tracking the frauds and thefts. I soon learned that five different credit cards had been opened in my name; new debit cards had been issued from my bank; and money had been transferred from my savings and checking accounts.

Naturally, I was completely appalled. Now I'm on a mission to make sure people learn from my experiences and consider putting into place new security measures, many of which I'd never known about—and I'm in the financial services business.

Here are five ways you can improve your protection against fraud:

1. Create secret “verbal passwords” on your bank and credit card accounts

Verbal passwords on all your bank and credit card accounts will save you time, money, sanity, and future chaos. Everyone enters a numbers-based key-code password when withdrawing money from a bank account at the ATM. Some, though not all, retail stores request an ID when you make a credit card purchase at the register. So why don't banks require a password when you make a transaction at the teller?

Most banks won't tell you to request a verbal password or phrase to be placed on your bank accounts. This is the most important thing you can do to protect yourself from the fraudsters lurking out there. Here's how to do it:

Walk into your local bank and ask to speak with the branch manager. When you meet with the branch manager, request to speak about your accounts in a private office. Once you are in a closed office, instruct the branch manager to place a “verbal passcode” on all over-the-counter and phone request withdrawals, newly issued bank cards, and even transfers.

If the verbal password or phrase is not given, no information or transactions may proceed. I had this type of protection on one of my personal bank accounts. Unfortunately, I didn’t do this on the other one that was scammed for thousands of dollars in cash with a teller at a bank in a completely different state.

Most bankers don’t even check the signature card when given an over-the-counter withdrawal request. The verbal passcode or phrase will be your guardian and savior. One last thing: when you are asked to give your verbal password, never say your passcode or phrase out loud at the bank. Ask the teller for a piece of paper when asked for your passcode. Write it down, pass it to the teller and then take the paper back, tear it up, and put it in the trash.

2. Shield yourself from the “magic wand” with an RFID-protected wallet

While shopping in crowds at the mall can be fun, you can also unknowingly expose yourself to a fraud device known as the “magic wand.”

“Wanding” is the process by which all your credit card information can be stolen by a \$20 device that is able to read, record, and save it all in an instant. This information is then illegally used to create multiple cards that will be sold without your knowledge and permission.

You can stop this scam from happening by shielding your credit cards with an RFID-protected wallet (that stands for radio frequency identification device). These wallets can cost from \$30 to \$200. These wallets have a built in shield that deflects any credit card reading/skimming devices. Another cheap, quick, and useful fix is to wrap your credit cards in tin foil. Yes, tin foil. This may sound crazy but it works. I happen to like a product called the Flipside Wallet. You may check them out at www.flipsidewallet.com

3. Protect your credit file like a pro

If you really want to control you credit file, freeze your account at all three of the credit bureaus: Equifax, Experian, and TransUnion. This is the best way to ensure that your credit is protected. The cost varies per state but usually costs \$0-\$10 per action. The fee is waived for proven identity theft victims.

Freezing your credit gives you the power to lock or unlock your credit file. It’s your virtual credit file switch. Once you lock your credit file, no one can open a new credit card account—not even you. If you want to open a new credit card account or receive a bank loan, you have to lift the freeze by providing a special PIN. Once you are done, you can refreeze your file using that same PIN. Without your PIN, your credit file can’t be altered.

4. Never let your credit card leave your sight

When you’re shopping or eating at a restaurant, think twice before you hand over your credit card for payment. When your card leaves your hands and is out of your field of vision, this is when it can have its information stolen via a smartphone camera or mini card-reader called a skimmer. This type of fraud can happen in the moments you are waiting to get your card back. The best defense is to be present when your card is swiped (funny word, huh?).

5. Avoid making in-store credit card applications

I love to save money, especially during the special promotions and the holidays. Most stores will offer immediate credit and an attractive discount on all new purchases with a new on-the-spot application and approval.

Who is handling your paper application once it has been given to the store clerk? This information can be exposed to many unsavory people. If you really want the credit and a special discount, you can call the company’s credit department or fill out an application online ahead of time.

This protects you in several ways: The information you have given is with the headquarters representative. The conversation is usually recorded and stored. Once your application is approved and processed, it's mailed to your home address. This will help keep your information safer. You may have to call a company representative for any in-store or online promotions that may be used with your newly minted cards.

Protect yourself with these security measures

Now is a good time to turn over a new leaf and better protect your credit and bank accounts. Through my experience, I believe that these safety measures will save you some precious time and unnecessary headaches.

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