

Javelin's Ninth Annual Credit Card Issuers' Identity Safety Scorecard

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Card fraud is highly pervasive, affecting 7.5 million Americans in 2012, when total card fraud loss reached about \$8 billion. Credit card accounts were the most common account takeover target, representing 36% of consumers who experienced account takeover in 2012. The scorecard analyzes the security features of the nation's top credit card issuers using Javelin's Prevention, Detection, and Resolution Model™, which has become an important tool for issuers in thwarting fraudsters.

The full report, *Ninth Annual Credit Card Issuers' Identity Safety Scorecard: Preventing Fraud Through Improved Authentication and Customer Engagement*, is available at www.javelinstrategy.com/brochure/307



Bank of America Earns Best in Class in Security

Bank of America maintains Best in Class status in 2013 for the 7th consecutive year. The bank held onto its top-ranked position for the seventh year in a row with an overall score of 70%, compared with the average score of 55%.



Prevention **USAA Earns Best in Prevention**

USAA is the top-scoring issuer in the prevention category, with a score of 64%. The greatest return to credit card holders and

issuers is generated by pre-empting fraud events, so offering increased prevention measures is critical. Javelin updates criteria every year to reflect industry fraud trends, ensuring that issuers are held to the highest standards of fraud prevention. USAA actually increased its score from 57% in 2012 to 64% of possible prevention points, indicating its continued focus on fraud prevention.

Top 5 in Prevention Award Winners: USAA, Bank of America, Citibank, Navy FCU, and State Farm

Education is an aspect of prevention that can reduce fraud by improving customers' understanding of preventive measures. Most of these Top 5 in Prevention winners provide not only general education about online and off-line safety but also offer privacy information in various social media networks, compared with an average of only 38% of FIs surveyed. In addition, issuers score relatively high for most authentication features. Multi-factor mobile authentication was offered by most of the Top 5 in Prevention winners, compared with an average of 29% of all FIs surveyed.



Detection

Range of Alerts Earns Wells Fargo

Best in Detection

Wells Fargo achieved Best in Detection in 2013, earning a score of 83%, compared with an average score of 65%. Wells Fargo scored 100% in two subcategories of alerts: alerts of credit card activity and alerts of changes in one's account information. Wells Fargo offers cardholders access to credit

monitoring services; only 38% of FIs surveyed offer this feature. These services can empower customers to detect fraud earlier and reduce the impact on their accounts.

Top 5 in Detection Award Winners: Wells Fargo, Fifth Third, First National Bank of Omaha, U.S. Bank, and Nordstrom

For issuers seeking the optimal return on detection investments, Javelin recommends FIs offer alerts for card-not-present (CNP) transactions. Most of the Top 5 in Detection winners offer this feature to combat fraud, compared with the average of only 38% of FIs surveyed. Today, the bulk of CNP fraud is conducted online: 45% of all fraud victims had their cards misused to make online purchases in 2012.



Resolution

Best in Resolution: Associated Bank and SunTrust

Associated Bank and SunTrust tied for Best in Resolution, scores of 90%. after rising significantly from their rankings in 2012. Both offer reversal of fraudulent charges or a line of credit within 24 hours.

Top 5 in Resolution Award Winners: Associated Bank, SunTrust, BB&T, Pentagon FCU, and PNC

These issuers support features that enable 24/7 account suspension after a fraud event and promote zero liability for fraudulent transactions. Most award winners also offer 48-hour follow-up by a customer service representative, compared with only 42% of FIs surveyed. This new criterion was added in 2013 to ensure that issuers help reassure cardholders of their support and care. The timeliness of fraud resolution and the interaction with customer service representatives can affect the consumers' overall satisfaction with the issuer. Another feature that makes these Top 5 winners stand out is that they offer identity fraud insurance or service guarantees, compared with only 38% of their peers.

Industry Analysts: Al Pascual and Sarah Miller have a passion for fighting financial crime for Javelin's Security, Risk, and Fraud practice.

About Javelin's Credit Card Issuers' Identity Safety Scorecard

<https://www.javelinstrategy.com/brochure/307>

Javelin's ninth annual Credit Card Issuers' Identity Safety Scorecard provides insight into how the credit card industry's customer-facing security measures are affecting recent fraud trends and how issuers can improve their security infrastructure. The scorecard evaluates 24 of the nation's top credit card issuers using Javelin's Prevention, Detection, and Resolution™ Model. Card fraud more than tripled between 2010 and 2012, and skimming, malware, and data breaches continue to threaten the security of consumer payment card data. These benchmark ratings can help credit card issuers continue to track fraudsters' latest attack strategies and recommend improvements.

Methodology

Javelin Strategy & Research evaluated the consumer-facing protective features offered by 24 leading credit card issuers in the United States. Collection of data occurred October to November 2013. This included the top 22 MasterCard and Visa credit card issuers as ranked by the number of cards outstanding according to the Nilson Report, as well as two other issuers with significant cards outstanding: American Express and Discover. Issuers that offer only store-branded cards or have issued a fewer number of network cards were not included. Preferred customer cards, secured cards, and affinity cards intended to accrue rewards toward a specific merchant or organization were not included in this report.

Because scores are based on consumer-facing security measures, this report assesses the information provided on issuer websites and supplied by customer service

representatives (CSRs). Javelin conducted a mystery-shopper approach with CSRs by phone and web chats. On average, Javelin conducted 11 calls to each issuer. If researchers had any reason to doubt the information provided by a CSR, the call was terminated without adding to the average number of calls.

Each year, the criteria in the Scorecard are modified to reflect evolution in the risk environment and related changes employed as security measures. Criteria were weighted differently in order to reflect the changes in fraudsters' latest schemes and emphasize Javelin's affirmation of the importance of particular features. The criteria were categorized according to Javelin's Prevention, Detection, and Resolution™ Model. The total number of points for three categories was 100.

Prevention is the most heavily weighted category, accounting for 45 of the 100 points possible, followed by detection (35 points) and resolution (20 points).

Issuer Name	Card Type
American Express	American Express Blue
Associated Bank	Visa Platinum Preferred
Bank of America	Bank of America Cash Rewards
Barclays	Platinum MasterCard
BB&T	BB&T Platinum
Cabela's WFB	Club Visa
Capital One	Capital One Platinum MasterCard
Chase	Chase Freedom Visa
Citibank	Platinum Select MasterCard
Discover	Discover It
Fifth Third	Platinum MasterCard
First National Bank of Omaha	Platinum Edition Visa Card
GE Capital Retail Bank	PayPal Extra MasterCard
Navy Federal Credit Union	Navy FCU Platinum MasterCard
Nordstrom	Visa Signature
Pentagon Federal Credit Union	PenFed Promise Card
PNC	PNC Points Visa
RBS	RBS Platinum MasterCard
State Farm	State Farm Platinum Rewards Visa
SunTrust	SunTrust MasterCard
Target	Target Red Card by Visa
U.S. Bank	Visa Platinum
USAA	World MasterCard
Wells Fargo	Wells Fargo Visa Platinum

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2013 BEST IN CLASS IN SECURITY

Awarded to:
Bank of America



BEST IN PREVENTION



Awarded to:
USAA



TOP 5 IN PREVENTION

Credit Card Issuer	Score	Rank
USAA	64%	1
Bank of America	62%	2
Citi	53%	3
Navy Federal Credit Union	47%	4 (tie)
State Farm	47%	4 (tie)

BEST IN DETECTION



Awarded to:
Wells Fargo



TOP 5 IN DETECTION

Credit Card Issuer	Score	Rank
Wells Fargo	83%	1
Fifth Third	80%	2 (tie)
First National Bank of Omaha	80%	2 (tie)
U.S. Bank	80%	2 (tie)
Nordstrom	77%	5

BEST IN RESOLUTION



Awarded to:
Associated Bank &
SunTrust



TOP 5 IN RESOLUTION

Credit Card Issuer	Score	Rank
Associated Bank	90%	1 (tie)
SunTrust	90%	1 (tie)
BB&T	85%	3 (tie)
Pentagon Federal Credit Union	85%	3 (tie)
PNC	85%	3 (tie)

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