



The ONE SOURCE for all your credit reporting needs

11 N. 6th Street, Suite A \* Pekin, IL 61554 \* Ph: 888/852-2574 \* Ph: 309/353-5527 \* Fax: 309/353-5541 \* Peoria: 309/696-1890 \* Lnelson@KewaneeCreditBureau.com

FEB. 28, 2008 Vol. 16, #2

## AUTHENTICATION SERVICES

Do you need to verify the identity of your customers?

Experian's **Authentication Services** offers 7 points of verification. Level One of Authentication Services provides:

- *Verification of Name, Address, Social Security Number, Date of Birth, Driver's License number and Telephone Number.*
- *Alerts to High-risk Addresses and Phone Numbers.*
- *Cross-references to OFAC database of Specially Designated Nationals (SDN) and blocked persons.*
- *A Standardized address with ZIP +4 coding.*
- *Correct name and address information.*

Experian then gives you a Verification Score of 1 to 999. The lower the score indicates the higher likelihood of fraud.

The search examines eight data bases:

1. Telephone data
2. Credit Bureau Header Data
3. Social Security Administration
4. Business Data
5. Driver's License data
6. High Risk address data bases
7. USPO Address data - standardization, residential, deliverable address, and change of address
8. OFAC SDN list.

## CREDIT SCORE PERMISSIBLE PURPOSE CODES

**Inquiries** are one of the 6 factors of the credit score. 10 % of the credit score is determined by the number and type of inquiries. Multiple inquiries for mortgage loans and multiple inquiries for auto loans in a 30 day period count as one inquiry. Inquiries for review of credit for a current customer, inquiries for employment and inquiries by a consumer with the credit bureau for their own credit do not count against the credit score.

FICO looks at the Permissible Purpose Code (also called a Type Code) you enter when you submit an inquiry for a credit report. ***If you do not enter the correct code or if you do not enter any code, could be adversely affecting your customer's credit scores.***

As a member of KCB Information Services,

you are required to enter a code. However we have found that some of our members have software that provides a default code and therefore the correct code is not entered with each entry. If your software does not allow you to enter the correct code, you should contact your software provider and request they add a space to enter the correct code or a drop down menu window so you can choose the correct code.

If you or your software provider have any questions, please call us.

To learn more about credit scores, go to our web page (KCBINFO.COM) and click on "CREDIT SCORES: THE SILENT KILLER."

## MEMBERS WEB PAGE

We have updated our members web page. Please check it out and let us know if we have not listed your web page correctly. To check the links to your web pages, click on "ID Theft & Credit INFO LINKS" and then click on "Links to our customers."

If you wish to put a link to our web page, we would appreciate it.

**MONEY  
SMART  
WEEK<sup>SM</sup>  
ILLINOIS**  
**APRIL 6 - 12 | 2008**

[www.moneysmartweek.org](http://www.moneysmartweek.org)

Money Smart Week is sponsored by the Federal Reserve Bank of Chicago. It offers a week of classes and seminars on financial matters. Those sponsoring classes are banks, credit unions, counseling agencies, social service agencies, private businesses and one credit bureau: KCB Information Services.

We will be conducting classes in Champaign,

Bloomington/Normal, Peoria, Pekin and the Quad Cities.

The first class we are presenting is: CREDIT SCORES: THE SILENT KILLER. It will include a history of Credit Bureaus, explain what is in and isn't in credit reports, an explanation of credit scoring and how to improve credit scores.

The second class will be: ID THEFT, PREVENTION AND RECOVERY. We will define and explain the difference between ID Theft and Credit Fraud. We will show ways of preventing and discovering ID Theft and then how to recover if you are a victim.

## 80th BIRTHDAY

Many credit bureaus have disappeared: the Peoria Credit Bureau, the Bloomington Credit Bureau, Princeton Credit Bureau, Lincoln Credit Bureau, Kankakee Credit Bureau and the Galesburg Credit Bureau, to name a few.

In June 2008 we will celebrate our 80th birthday. Mark your calendars for June 5 2008. That is the day we will have our 80th birthday party.

## CONSUMER CREDIT GROWTH SLOWS IN DECEMBER AND DELINQUENCIES RISE

December spending on credit cards cooled considerably from the torrid pace seen in November, and a research house finds that delinquencies are on the rise.

U.S. consumers continued to spend more on credit in December but at a much slower rate than in previous months, according to data released today by the Federal Reserve. And while consumer credit and credit card debt grew at the fastest pace in years in 2007, card issuers are reporting a significant spike in credit card delinquencies and chargeoffs, according to one research firm.

Overall consumer credit expansion slowed to a 2.1 % annual rate, or \$4.5 billion, in the final month of 2007 after swelling 8.2 % in November. For the year, the Fed said consumer credit grew at 5.5 %, the highest since debt grew at the same rate in 2004.

Consumers added \$2.1 billion to credit card balances in December, an annualized growth rate of 2.7 %. Total credit card debt in the U.S. now stands at \$943.5 billion. For the year, credit card debt – called revolving debt by the Fed – grew 7.8 % compared to a 6.1 % increase in 2006, a 3.1 % increase in 2005, and



**The ONE SOURCE for all your credit reporting needs**

**11 N. 6th Street, Suite A \* Pekin, IL 61554 \* Ph: 888/852-2574 \* Ph: 309/353-5527 \* Fax: 309/353-5541 \* Peoria: 309/696-1890 \* Lnelson@KewaneeCreditBureau.com**

a 3.8 % rise in 2004.

The Fed also revised its numbers from November sharply upward with credit card growth coming in at 13.7 % compared to the 11.3 % rate it initially reported ("Credit Card Spending Explodes in November," Jan. 9).

The RiskMetrics report, "Credit Card Master Trust Performance Monitor," showed that 7.59 % of all credit card accounts were either 60 days or more delinquent or charged off – called adjusted credit quality measure - in December, rising from 7.55 % in November and up significantly from the 6.41 % reported in December 2006. The report covered individual banks rather than a cross-industry aggregate, although the banks covered are 14 of the largest credit card issuers, including American Express, Bank of America, Capital One, Citigroup, Discover and JP Morgan Chase.

The Fed also reported that non-revolving debt, like auto and student loans, increased \$2.4 billion – a 1.8 % annual rate - to stand at \$1.58 trillion after a 4.9 % increase in November. For the year, non-revolving consumer debt rose 4.2 % compared to a 3.6 % rise in 2006 and a 4.9 % increase in 2005.

Total consumer debt in the U.S. now stands at \$2.52 trillion, according to the Fed. Debt covered in this report from the Fed, commonly called the G.19 report by economists, does not include mortgages and other debt backed by real estate. (by Patrick Lunsford, insideARM.com, February 8, 2008)

## **RECORD NUMBER OF DATA BREACHES REPORTED IN 2007**

Researchers with the Identity Theft Resource Center cited 443 breaches in the U.S. in 2007 in their annual report, compared to the 315 they identified in 2006.

The number of publicly reported data breaches in the U.S. rose by more than 40% in 2007, compared to the previous year, according to statistics compiled by the Identity Theft Resource Center (ITRC), a consumer rights advocacy group.

In its December 24 report, the ITRC said that there were publicly reported 443 breaches in the U.S. in 2007. In 2006, the ITRC identified 315 publicized breaches.

Some 127 million data records were exposed during 2007. In 2006, nearly 20 million records were exposed. In 2005, there were 158

breaches reported involving about 65 million records.

The ITRC will have to update its list to reflect breaches reported during the last seven days of the year, something organization founder Linda Foley said would happen next week.

On Friday, the Tennessean.com reported that someone broke into a Davidson County election office over the Christmas holiday and stole laptops believed to contain the Social Security numbers and other personal information for more than 337,000 registered voters in the Tennessee county.

That same day, the Pioneer Press in Minnesota reported that a laptop containing the personal information of 219 Minnesotans had been stolen from a Pennsylvania vendor doing business with the Minnesota State Commerce Department.

Also on Friday, television station WSFA in Montgomery, Alabama reported that the U.S. Air Force had sent letters to current and former service members whose Social Security numbers, birth dates, addresses, and telephone numbers were on a laptop that was stolen from the home of an Air Force band member based at Bolling Air Force Base in Washington D.C. The station subsequently reported that the missing laptop contained the personal information of 10,501 individuals.

The rise in reported breaches may not be exclusively a reflection of rising data thievery. The ITRC speculates that in addition to an increase in data theft, more data breaches are being reported to the public. And it remains to be seen whether 2007 proves to be a high water mark for data loss, given that the T.J. Maxx breach accounted for 94 million of the 127 million exposed customer records.

Foley reluctantly characterized 2007 as the worst on record from a statistical perspective, but cautioned that the T.J. Maxx breach skews the statistics. "I don't know whether we're seeing more breaches because there's mandatory reporting or because there are more," she said, adding that 39 states and the District of Columbia now require organizations to report data breaches.

But even if 2007 proves to be an aberration, the costs associated with data breaches appear to be rising. According to a study released in November by the Ponemon Institute, an information practices consultancy, data breaches cost businesses an average of \$197 per customer record in 2007, up from \$182 in 2006.

And that perhaps explains why Cisco (NSDQ: CSCO), Google (NSDQ: GOOG), Raytheon, Symantec (NSDQ: SYMC), Trend Micro, and Websense have all made acquisitions in the past year or so to strengthen their data loss protection offerings. A Gartner report in May estimated that the \$50 million data leak protection market measured in 2006 would as much as triple by the end of 2007.

Foley nonetheless expressed optimism, noting that in regulated industries like finance and healthcare, there are far fewer breaches than in other areas of business. "Both are highly regulated industries with a number of government agencies looking over their shoulders," she said. "[But] a lot of the businesses still have not learned how to handle information correctly."

As an example, she points to the fact that only 13 of the data breaches out of 443 reported to date this year involved encrypted data, which is far less vulnerable to unauthorized access or misuse.

While 2007 could fairly be called the year of the data breach, Foley prefers to think of it as the year of data breach awareness. "I think there is a greater awareness this year that is going to have a ripple effect over the next couple of years," she said. "And hopefully that is going to bring the number of breaches down." (By Thomas Claburn, InformationWeek, 12- 31, 07)

## **SPEAKERS**

If you need a speaker for your service organization, give us a call. We have presentations for ID Theft, Credit Scoring and Credit Reports.

If you need us to talk to your employees or if you need training about any credit related product or service, we will be glad to come to your office.

## **KCB INFO SERVICES HOURS**

Monday – Friday 9:00am to 4:30pm

KCB Information Services offers: Consumer credit reports, Business Credit reports, Employment Credit reports, Residential Mortgage Credit Reports, Merged Credit Reports, Criminal background checks, Tenant Screening Reports, Flood Zone Determination, Flood Life of Loan Certification, Identity Authentication and KCB Checking History Reports.

KCB Information Services has served businesses since 1928 and serves Central Illinois for Experian and Equifax.