



# Welcome

## Identity Fraud

23<sup>rd</sup> February 2007

Crosshouse Hospital - Kilmarnock



irm

# Institute of Risk Management

- A risk management's professional education body based in London
- Key Objectives:
  - Education
  - Qualifications
  - Good Practice
  - Partnership
- Worldwide membership, drawn from industry, commerce, consultancy and the public sector
- Regional Groups
- Special Interest Groups

# Domestic Arrangements

- Crosshouse Hospital

# Agenda

- Introductions – why we are here
- 10 minute vignette                      Allistair Maxwell
- Identity Fraud presentation              Madeline Hibberd
- Discussion
- Other business

# Allistair Maxwell

- Corporate Governance
- NHS Ayrshire & Arran

# 10 minute vignette

- Allistair Maxwell
- Corporate Governance
- NHS Ayrshire & Arran

# Identity Fraud

[Madeline.Hibberd@scottishwater.co.uk](mailto:Madeline.Hibberd@scottishwater.co.uk)

# Agenda

- Scary facts & figures
- Open Discussion
- Final Thoughts

## Impact of ID Fraud

- ID Fraud costs the UK **£1.3 to £1.7 billion** per annum.
  - Government approx £400m
  - Credit Card " £500m
  - Money Laundering " £400m
  - Telecoms " £400m
- 282,000 victims of identity fraud registered with CIFAS, the UK's Fraud Prevention Service since 2000.
- 21% rise in the number of victims in 2006 (68,000)
- **Corporate ID Fraud is estimate to cost in excess of £50m per annum.**

## Fraud & Financial Crime – Update

- Fraud levels are at their highest in 10 years
- In 2005, 222 fraud cases came before Court, with a total value of £942m, up from £329m in 2004
- The Government was the hardest hit by fraud at a value of >£400m, with the private sector suffering >£350m worth of loss
- Main perpetrators were divided between employees and professional criminals, each accounting for about £400m

[KPMG Fraud Report – 30.01.2006]

## Fraud & Financial Crime – Update

- Latest figures show that employee fraud rose more than 80% in 2005 alone;
- Employee fraud currently costs UK businesses £67m
- This type of fraud will lead to major cultural upheaval within the UK business sector

[BDO Stoy Hayward Fraud Report – March 2006]

## Fraud & Financial Crime – Update

- 29% of UK directors leave their companies with confidential information
- 17% of middle managers have also removed confidential information from their places of work
- 10% of employees in the government and military have sent unauthorised documents to third parties

[YouGov Survey [www.thebusinessonline.com](http://www.thebusinessonline.com) – 10.09.2006]

# Latest Developments Fraud & Theft

- Increase of 600% from 1999 (20,000 cases) to 2005 (expected 135,000 cases)
- 16,000 tonnes of valuable information dumped per year in London
- Over 18million households fail to protect themselves against ID data loss  
[[www.timesonline.co.uk](http://www.timesonline.co.uk) – 18.10.2005]
- Identity theft cases have risen from 22,520 in 2000 to 56,200 in 2006  
[CIFAS – November 2006]

# Who Are They

## How Do They Do it?

- Opportunists
- Organised gangs (in the UK and overseas)
- How do they do it?
  - Bin raiding
  - Mail forwarding
  - Blackmail
  - Coercion / enticement
  - Blogging
  - Phishing
  - Burglary/theft
  - Account takeover
  - Access consumer, customer and employee databases

## Identity Theft – The Problem

- Corporate ID fraud involves changing the registered office, trading address and company director details for a particular company via the Companies House filing system
- Orders for goods are then place with suppliers, but delivered to fake addressed, without the knowledge of the company
- Those goods are not paid for and are eventually billed to the existing company

[[www.equifax.co.uk](http://www.equifax.co.uk) – 26.07.2006]

## Identity Theft – The Problem

- In corporate ID scams, 2 victims can be identified
  - The company cloned
  - The supplier (who has supplied goods to the cloned company)
- This results in higher insurance premiums for companies and also brand damage and loss of business
- Although Companies House has adopted updated document filing systems, the problem is ongoing

[[www.equifax.co.uk](http://www.equifax.co.uk) – 26.07.2006]

# Business issues

Businesses have a role in protecting

- Own business
- Supply chain
- Employees
- Consumers; customers & clients

# The Regulator's Position

## Data Protection Act 1998

- Principle 7 – data controller must safeguard “personal data”
- “Personal data” – any information, including facts and opinions about living, identifiable individuals
- Rights to claim compensation

# Open Discussion

- Is this a big issue – do we need to worry about it as organisations?
- What are organisations doing – if anything?
- What should we be doing?
- Who should be involved?
- What are the difficulties?

# Thoughts on how business can protect itself?

- Review and audit the collection and use of personal data
- Personal data issues should be addressed by corporate governance
- Use technology to assist with security
- Train staff handling personal data
- Provide a support mechanism for staff
- Follow Information Commissioner's guidelines
- Adhere to the 7<sup>th</sup> Principle of the Data Protection Act 1998

## More generally

- Data sharing
  - Wider sharing by commercial organisations and through public and private partnership
- Monitoring
  - Companies and consumers looking after their data
- Awareness campaigns
  - Public/private partnership
- Improved data security
  - Review of data security by all (internally and externally)

## General Messages

- ID Fraud affects all of us as individuals and organisations
- It will not go away, fraudsters will continue to find and exploit weak spots in all of our behaviour
- We all need to review and change our behaviour, Government, companies and individuals
- Increased awareness and improved data security are key to winning the fight
- 'Prevention' is definitely better than 'Cure'

## Examples & ideas

- Discussion time

# AOB

- Direction of the group
- Meeting times and locations
- Meeting content and topics
- Post holders
- North of Scotland Regional Group

# Joint Meetings

## Scottish Contingency Group

- Resilient City Exercise 25th September in Aberdeen
- 05 March 12.00
- 12 June 12.30
- 11 Sept 12.30
- 13 Dec 12.30

## Business Continuity Forum

- 5<sup>th</sup> March BS25999
- 23<sup>rd</sup> March ICM Hamilton

# Meeting Dates 2007 all at 1pm

Friday, 18 May - The New BCM BS25999

- Strathclyde Police – East Kilbride

Friday, 31 August - Partnership risks & duty of care

- TBA (Scottish Prison Service?)

Friday, 30 November – Strategic risk + competitor action

- Scottish Water - Dunfermline