

# Adequate Rules for Depositor Protection Urged

## – Japanese banks under pressure to stem use of forged cash cards –

**J**APANESE banks, which have almost resolved the bad-loan mess, are facing another headache: a growing number of victims of identity theft involving counterfeit cash cards. The number of cases of identity theft through skimming – transferring data from stolen cards and taking out money using fake cards from ATMs – has increased rapidly in the last few years. A Financial Services Agency survey confirmed about 200 cases of such theft involving a total of ¥800 million at 33 financial institutions. The rising cases of identity theft have prompted the Tokyo Metropolitan Police Department and other investigative authorities to launch criminal investiga-

tions. Alarmed by the spread of such crime, a megabank president says the cash card forgery “poses a serious threat to the nation’s banking system, which consists of cash cards, ATMs and online networks.”

The countermeasures Japanese commercial banks are considering include adopting IC cards in place of magnetic stripe cards that are easy to counterfeit and identifying account holders using biometric data such as fingerprints and vein patterns so that other people may not be able to withdraw money from ATMs. Meanwhile, some banks have set tighter limits on the amount of daily withdrawals to reduce the losses from such crime.

The United States and Britain have mechanisms in which banks compensate for losses incurred by cash card forgery as well as laws that set ceilings on the damages to be paid to such victims. Japan lags far behind from the viewpoint of depositor protection, with banks rarely shouldering the costs of compensation. Some experts point out that banks had remained inactive about dealing with such forgery due largely to the fact that they were not held responsible for damages. High-tech crimes may become more sophisticated in the years ahead, a possibility that indicates the need for the idea of protecting account holders to take firm root in Japan.