



October 24, 2005

By Electronic Delivery

Federal Trade Commission
Office of the Secretary
Room H-135 (Annex E)
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: ID Theft Survey: FTC File No. P034303

Ladies and Gentlemen:

This comment letter is submitted on behalf of Visa U.S.A. Inc. in response to a notice issued by the Federal Trade Commission ("FTC") regarding the FTC's intent to conduct a survey to assist the FTC in understanding identity theft ("Survey") and to help the FTC better serve identity theft victims. We appreciate the opportunity to comment on this matter.

The Visa Payment System, of which Visa U.S.A.¹ is a part, is the largest consumer payment system, and the leading consumer e-commerce payment system, in the world, with more volume than all other major payment cards combined. For calendar year 2004, Visa U.S.A. card purchases exceeded a trillion dollars, with over 450 million Visa cards in circulation. Visa plays a pivotal role in advancing new payment products and technologies, including technology initiatives for protecting sensitive personal information and preventing identity theft and other fraud, for the benefit of Visa's member financial institutions and their hundreds of millions of cardholders.

The FTC's Identity Theft Efforts

The FTC proposes to survey up to 5,000 consumers in order to gather information regarding the incidence of identity theft in the general population. The FTC indicates that the results of the survey will help the FTC in determining whether the type and frequency of identity theft is changing and to educate the FTC about how to fight identity theft.

Identity theft increasingly concerns consumers and businesses alike. With the growth of the Internet and advances in technology in general, the methods of perpetrating identity theft continue to evolve. Identity theft results in multiple victims, including both consumers and financial institutions. Consumers suffer harm to their credit histories and are burdened with

¹ Visa U.S.A. is a membership organization comprised of U.S. financial institutions licensed to use the Visa service marks in connection with payment systems.

repairing damaged credit histories, and financial institutions often suffer reputational harm and financial loss.

The Survey is a reasonable first step toward a broader understanding of identity theft. With the FTC using a small population as a basis for the Survey, it is only appropriate for the FTC to use the Survey to interface with consumers to better understand their experiences.

In conducting and assessing the results of its proposed Survey, it is important for the FTC to distinguish between the different types of fraud in order to understand the true nature of identity theft, who is affected by identity theft and how, as well as determine additional ways to prevent identity theft. Identity theft, which results from the stealing of one's personal information, like name and Social Security number, in order to create an identity under another person's name, is commonly confused with account fraud. Account fraud is fraud that involves the misuse of an existing account, but does not necessarily involve the risk of true identity theft. The risk of consumer harm from account fraud is significantly different than the risk of harm from identity theft, because, for example, of meaningful consumer protections that apply to account fraud, like Visa's zero liability policy. The mechanisms to prevent and respond to the different types of fraud need to be tailored to match the risk of consumer harm. Therefore, by distinguishing between identity theft and account fraud, the FTC will be able to provide a more reliable Survey.

The FTC specifically requested comment on whether the proposed Survey will have practical utility. Visa believes that the Survey could have practical utility in the important fight against identity theft, to the extent the FTC distinguishes between identity theft and account fraud. For example, such a Survey may well assist the FTC, as well as the financial services industry as a whole, in identifying additional ways to prevent identity theft from occurring and additional ways to assist victims of identity theft. In particular, the Survey may enable the FTC to learn how to better protect consumers and their personal information so that hopefully fewer consumers become victims of identity theft. In addition, the Survey will be helpful to the industry in assessing the problem of identity theft, understanding the ways in which it occurs and seeking more and better solutions to prevent identity theft.

Visa's Measures to Prevent Identity Theft

As the leading consumer electronic commerce payment system in the world, Visa considers it a top priority to remain a leader in developing and implementing technology, products and services that protect consumers from the effects of identity theft. Visa has long recognized the importance of strict security procedures to protect information relating to cardholders of Visa's members, thereby protecting the integrity of the Visa payment system as a whole. It is in the interest of Visa, its members, merchants, and consumers alike to protect information and to prevent and combat fraud, including identity theft. As a result, Visa continues to identify new ways in which consumers can obtain additional protection from fraud and identity theft.

Visa is committed to the fight against identity theft and continues to work with key players from financial institutions, consumer advocacy groups, the government and the merchant community to provide needed education and to ensure maximum cooperation in the fight against identity theft. For example, Visa hosted a summit on data security, entitled "Cardholder Security in the New Electronic Payments Age," in Washington, DC in October 2005, which brought together key players from various industries, law enforcement, consumer protection organizations and government to address security threats. The summit covered a range of current issues, including: reducing the threat of data compromises; protecting customer information; fighting fraud and identity theft; and helping identity theft victims. In addition, Visa has implemented various technologies designed to enhance the security of personal information and has identified measures consumers can take to assist in the security of their personal information, which thereby assists in the prevention of identity theft.

Once again, we appreciate the opportunity to comment on this important matter. Visa will be happy to receive and review the Survey and to suggest potential future actions as a follow up to the Survey. If you have any questions concerning these comments or if we may otherwise be of assistance in connection with this matter, please do not hesitate to contact me, at (415) 932-2178.

Sincerely,

Russell W. Schrader
Senior Vice President and
Assistant General Counsel