Are We Blaming The Wrong People For Data Breaches And Identity Theft?

March 11, 2015 â€“ A few years ago, American Express offered a fantastic service for anyone doing online shopping. They allowed you to log into your account and generate a single-use credit card number. You could then go off to whatever website you wanted to shop on, make your purchase and then forget about it. If someone hacked into that website, your credit card information would be useless to them.

I was sorely disappointed when Amex ended the program. Why they dropped it, I donâ€™t know. But I suspect that it wasnâ€™t heavily used. In fact, it was somewhat cumbersome. But it worked.

It has taken a few years for the payment industry to catch up to Amex original vision, but it is happeningâ€¦ largely because of the propensity of smart phones and the vision of Apple Pay; Apple Computerâ€™s new mobile payment system. Customers using Apple Pay actually generate a one-time credit card number every time they use the service. But because that number is generated automatically, the service is far less cumbersome than the one offered by Amex.

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Later this year, Samsung is set to a competitive service. Although all of the details of Samsungâ€™s offering arenâ€™t available yet, it looks like it will be doing something similar to Apple.

There are other electronic payment systems that have already launched or which are in the process of launching but the combination of Apple and Samsun is important since they are the two largest players in mobile phones. For the time being, users of these systems may be able to significantly reduce the risks of fraud.

But what about real identity theft? The kind where a crook gets his hands on your social security number. Can that be stopped?

The short answer is that it will never be stopped as long as the government continues to allow social security numbers to be used for identification purposes. And the sad truth is, the examples of the payment industry above prove that there is simply no reason for the government to continue to allow this practice.

It would be a fairly simple matter for the Social Security Administration to set up single-use numbers that were tied back to a real number. Anyone stealing a database of these single-use numbers would find them to be useless. While this

certainly would stop all identity theft, it would certainly put a huge dent in it.

Single use numbers could also be used to track down some identity thieves. For instance, if someone stole a single use number and attempted to use in on a fraudulent tax return, the government could flag it and instead of sending out a refund, law enforcement personnel could show up. Just an idea.

Several years ago, we asked why the government wasnâ€™t moving towards single use numbers. Now that the technology is more developed, weâ€™re asking that question again and we hope you will too. Call your legislators and ask them to modernize the social security number system to help prevent identity theft.
byJim Malmberg
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