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Mexico Among the Top Countries in the World Facing Identity Theft

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Identity theft is becoming a significant problem in Mexico, with the number of cases growing in 2015. Statistics are not yet available for the second half of the year, but the totals compiled by the consumer financial protection agency Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (CONDUSEF) reveal that the financial crime increased by 40% during January–June 2015 relative to the same period a year before.

Significant increase in 2015

According to CONDUSEF, more than 28,000 cases of identity theft were reported in Mexico in the first half of the year, compared with just over 20,000 cases in January–June 2014. Preliminary, unofficial estimates suggest that the number of cases of identity theft increased to about 60,000 for all of 2015, according to CONDUSEF.

Because of the surge in the incidence of identity theft over the past year, Mexico now ranks eighth globally in the number of cases of this financial crime, according to the Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales (INAI).

Mexico also ranks fifth in the world in terms of credit-card fraud. According to a report from the Aite Group, 28% of credit-card holders in Mexico have been victims of fraud. Only the United Arab Emirates, the US, India, and China experienced a higher rate of credit-card fraud than Mexico, according to the report (SourceMex, April 6, 2005).

Victims reported losses of about 118 million pesos (US$6.4 million) in the first half of 2015 due to identity theft, an amount that was 19% higher than during the same period in 2014. The victims recovered only 69 million pesos (US$3.7 million), which is about 58% of the total.

Identity theft was primarily the result of three sets of circumstances: the loss of documents; the theft of wallets, briefcases, and other personal items containing personal information; and the stealing of information directly from a bank card, according to Banco de México (Banxico), the country’s central bank.

Banking sources say the identity thieves in Mexico primarily used the stolen credit information to open new accounts, arrange for telephone service or life insurance, make purchases, and in some cases, to collect payments for health insurance, life insurance, or a pension.

Senator proposes initiative to toughen penalties

Identity theft “has become the most common form of defrauding consumers online,” said Sen. Martha Tagle Martínez, who has introduced an initiative to the standing joint committee of the Chamber of Deputies and Senate (Comisión Permanente) to toughen penalties for this type of crime in Mexico. “This crime has the potential of damaging our economy by raising the cost of credit and reducing consumer confidence in electronic commerce.”
Under the proposal presented by Tagle Martínez, an independent member of the upper house, the Senate and Chamber of Deputies would update Mexico’s legal code to provide for tougher penalties for anyone engaging in identity theft. Her plan would require a prison term of two to six years, along with a stiff fine.

Four states—Colima, México state, Tabasco, and Nuevo León—along with México City have modified their legal codes to combat this financial crime, but they are the exception rather than the rule. The electoral watchdog Instituto Nacional Electoral (INE) is also working with CONDUSEF to develop a mechanism to help prevent identity theft. Under the plan, security levels would be strengthened for voter registration cards so that they could be used as a form of secure identification.

Some have raised concerns that, under this plan, businesses could gain access to private voter information, since the INE would be using the voter rolls to create the new system. INE counselor Benito Nacif Hernández, however, offered reassurances that banks and other businesses would not have access to this type of information.

The new plan is supported by the nine registered political parties and the Comisión Nacional de Vigilancia del Registro Federal de Electores (RFE), and a pilot project has been implemented in México City, INE officials said.

The initiative awaits the approval of the INE’s governing council. If approved, the system could be in operation by August.

CONDUSEF president Mario Di Costanzo said some businesses have also implemented safeguards to prevent identity theft, which has kept the problem from becoming worse. He recommended that more businesses implement these safeguards. “The incidence of this crime could be reduced if more businesses asked for identification at the time of payment,” Di Costanzo said.

International identity thieves are also targeting tourists at Mexican resorts, particularly in the Yucatán Peninsula, according to a report in the British newspaper Daily Mail. Quoting Brian Krebs, a cyber-security journalist, the newspaper said resorts like Cancún, Riviera Maya, Cozumel, and Tulum have become attractive locations for international operators, particularly from Russia, to steal identities through bank machines. According to Krebs, the criminals gain access to consumer information by bribing poorly paid ATM technicians to allow them to hide tiny devices inside the card slot and the PIN pad of ATM machines.

“This is certainly the most advanced bank machine fraud technology I've ever seen,” Krebs told the Daily Mail.

Even though Krebs identified the criminals primarily as Russians, Mexican officials noted that operators from other countries are also engaging in similar types of fraud in Mexico.

There are other concerns related to identity theft. In her legislative initiative, Sen. Tagle Martínez included language that identified online pedophilia as a form of identity theft. She noted that unscrupulous individuals create false identities to lure girls and boys on social media, which in the end promotes human trafficking.

“The creation of a false identity is a problem that transcends borders and countries,” Tagle Martínez said.
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