

[TECH \(HTTP://WWW.BUSINESSINSIDER.COM.AU/TECH\)](http://www.businessinsider.com.au/tech)

This fintech startup has a solution to credit card fraud

JOSH NICHOLAS ([HTTP://WWW.BUSINESSINSIDER.COM.AU/AUTHOR/JOSH-NICHOLAS](http://www.businessinsider.com.au/author/josh-nicholas)) | YESTERDAY AT 1:01 PM |

[COMMENT \(HTTP://WWW.BUSINESSINSIDER.COM.AU/THIS-FINTECH-STARTUP-HAS-A-SOLUTION-TO-CREDIT-CARD-FRAUD-2015-12#CO](http://www.businessinsider.com.au/this-fintech-startup-has-a-solution-to-credit-card-fraud-2015-12#CO)

92 | 



FACEBOOK

79



TWITTER



REDDIT



LINKEDIN

13



[\(HTTP://WWW.FACEBOOK.COM/SHARE/WHIPPER.COM/SHARE?HTTP://WWW.REDDIT.COM/SUBMITP?/WWW.LINKEDIN.COM/SHARE/](http://www.facebook.com/SHARE/WHIPPER.COM/SHARE?HTTP://WWW.REDDIT.COM/SUBMITP?/WWW.LINKEDIN.COM/SHARE/)



<http://edge.alluremedia.com.au/uploads/businessinsider/2015/11/simonhew>

Simon Hewitt, CEO and founder of ScramCard. Image supplied.

Scramcard, a startup founded by former Westpac chief security officer Simon Hewitt solve credit card fraud – with something that looks like a credit card.

Credit and debit card fraud cost banks and businesses over \$16.31 billion globally (<http://www.businesswire.com/news/home/20150804007054/en/Global-Card-Fraud-Reach-16.31-Billion>) last year. Banks absorbed 62% of the losses and merchants the

As payment fraud becomes more sophisticated, annual worldwide losses are projected to reach \$35.5 billion per year by 2020, with total losses amounting to \$183.29 billion from 2012 to 2020 according to a recent Nilson Report (<http://www.businesswire.com/news/home/20150804007054/en/Global-Card-Fraud-Reach-16.31-Billion>).

Scramcard's answer is a credit card with a keypad on it. Instead of carrying around your phone and putting them into possibly infected terminals, you connect them to your Scramcard and use that instead.



(<http://edge.alluremedia.com.au/uploads/businessinsider/2015/11/scramcard>)

The keypad and screen allow you to select which account to pay with, turn on the NFC, generate a one-off code or pin number for paying or withdrawing cash, or create a unique identifier for verification.

For the consumer this means a whole new level of safety. Unlike most of our current credit cards which have an always-on Near Field Communications (NFC) chip – basically what all contactless payments do – the Scramcard chip is only on just before we pay.

Consumers will also be protected from infected payments terminals, like those that a hackers to steal 40 million credit and debit card numbers from American Target cust (http://www.businessinsider.com.au/heres-what-happened-to-your-target-data-tha hacked-2014-10), because the numbers are constantly changing.

Online and over the phone, the situation is the same – you use numbers generated for transaction, making it useless to steal the details.

“You only ever type your pin in to the card. That will generate a new pin number every says Hewitt.

“So if someone is looking over my shoulder or skimming the card, it’s not going to work minutes later.”

ScramCard has teamed up with Mastercard to use their payments network. This means from a merchant point of view, all the transactions are Mastercard transactions, not the customer chooses to pay.

Theoretically, you could pay with an American Express at a merchant that doesn’t accept they would be none the wiser. Although you would have to swallow the difference in (American Express charges a higher rate than many others).

“You would link your American Express card details with us. That payment would go American Express. So we are not cutting them out in terms of margin,” says Hewitt.

“We are giving them access to 26 million merchants they don’t have access to.”

Scramcard doesn’t launch until the new year, and when it does, its customers will be “prestige brands”. Hewitt points out that whoever consumers get the Scramcard from necessarily need to be a bank – the financial services are all inputs on the back end.

But if Mercedes or Qantas or another big company wanted to brand the card and sell customers, they would have access to a great trove of data about our spending habits loyalty program onto the card is a “logical extension” to the entire idea, says Hewitt.

In the end, Scamcard's extra layer of protection is also potentially a barrier to consumer adoption. Many businesses and consumers don't enable two-factor authentication (<http://www.information-age.com/technology/security/123460523/its-convenient-effective-so-why-arent-more-businesses-using-two-factor-authentication>) for their credit card accounts, for example, the pain of an extra step overwhelming the added security.

But this is okay says Hewitt, because when they launch in 2016 they are aiming for early adopters. And as banks and other financial institutions start to force new technology on users, the liability for fraud to merchants and banks (<http://www.businessinsider.com.au/technology-improves-security-2015-9>), we all may end up being forced to use a system.

"Our target market is not a one-size fits all," says Hewitt

"For those that say 'I don't want to do that', that's fine. The intent is for those who love new technology and want to take the extra step."

Follow Business Insider Australia on Facebook

(<https://www.facebook.com/BusinessInsiderAustralia>), Twitter

(<https://twitter.com/BIAUS>), and LinkedIn

(<http://www.linkedin.com/company/business-insider-au>)

Tagged In

australian stories (<http://www.businessinsider.com.au/category/au>)

tech (<http://www.businessinsider.com.au/category/tech>)

[sideraustrialia&taboola_utm_medium=taboola&taboola_utm_content=organic-thumbnails-a:Below Article](http://www.businessinsider.com.au/the-cofounder-of-transferwise-has-invested-in-a-mysterious-fintech-startup-2015-12)

(<http://www.businessinsider.com.au/the-cofounder-of-transferwise-has-invested-in-a-mysterious-fintech-startup-2015-12>)

The cofounder of TransferWise has invested in a mysterious fintech startup

[sideraustrialia&taboola_utm_medium=taboola&taboola_utm_content=organic-thumbnails-a:Below Article](http://www.businessinsider.com.au/the-cofounder-of-transferwise-has-invested-in-a-mysterious-fintech-startup-2015-12)

(<http://www.businessinsider.com.au/the-cofounder-of-transferwise-has-invested-in-a-mysterious-fintech-startup-2015-12>)

(<http://www.businessinsider.com.au/hottest-startup-ceos-2015-12>)

The 25 hottest startup CEOs in America

(http://www.businessinsider.com.au/hottest-startup-ceos-2015-12)

(http://www.gizmodo.com.au/2015/12/we-were-promised-robots-but-human-beings-are-far-more-interesting/?utm_source=taboola&utm_

We Were Promised Robots, But Human Beings Are Far More Interesting

Gizmodo

(http://www.gizmodo.com.au/2015/12/we-were-promised-robots-but-human-beings-are-far-more-interesting/?utm_source=taboola&utm_

ssinsideraustralia&taboola_utm_medium=bytaboola&taboola_utm_content=thumbnails-a:Below Article Th

(http://www.businessinsider.com/this-hoodie-is-so-insanely-popular-you-have-to-wait-months-to-get-it-2013-12?

utm_source=taboola&utm_medium=jezebel_bi_desktop_us&utm_campaign=alluremedia-

ssinsideraustralia&taboola_utm_medium=bytaboola&taboola_utm_content=thumbnails-a:Below Article Th
businessinsideraustralia)

Ridiculously Popular Hoodie is Finally Available.

Business Insider | American Giant

ssinsideraustralia&taboola_utm_medium=bytaboola&taboola_utm_content=thumbnails-a:Below Article Th

(http://www.businessinsider.com/this-hoodie-is-so-insanely-popular-you-have-to-wait-months-to-get-it-2013-12?

utm_source=taboola&utm_medium=jezebel_bi_desktop_us&utm_campaign=alluremedia-

businessinsideraustralia&utm_term=http%3A%2F%2Fcdn.taboolasyndication.com%2Flibtrc%2Fstatic%2Fthumbnails%2Fb096b70e026e3ee
businessinsideraustralia)

(http://www.verizonwireless.com/mobile-living/entertainment/jon-jacques-magic-moments-periscope-star/?utm_source=taboola&utm_me

Street Magician Becomes Periscope Star

Mobile Living from Verizon

(http://www.verizonwireless.com/mobile-living/entertainment/jon-jacques-magic-moments-periscope-star/?utm_source=taboola&utm_me

(https://ad.doubleclick.net/ddm/clk/297204730;123418299;i?http://www.buzzfeed.com/intel/we-asked-our-parents-to-guess-what-these-g
mean#.otQbeLEZQk)

We Asked Our Parents To Guess What These Gaming Terms Mean

Intel | BuzzFeed

(https://ad.doubleclick.net/ddm/clk/297204730;123418299;i?http://www.buzzfeed.com/intel/we-asked-our-parents-to-guess-what-these-g
mean#.otQbeLEZQk)

More from Business Insider

A marketing company asked kids if a woman could do Santa's job -- the answers... 15 Dec

This guy used a frequent-flyer trick to take a \$10,000 first-class flight on... 15 Dec

Android Pay coming to Australia as banks back Google 15 Dec

ISIS has a remarkably simple way of calculating taxes 15 Dec

Jeb Bush to Trump: 'Donald, you're not going to be able to insult your way to... 16 Dec

Sponsored Financial Content

5 myths about U.S. government debt (J.P. Morgan Chase)

Forget Your 401K if You Own a Home (Do This Instead)

Our Experts Pick The Best Credit Cards In Every Category (NerdWallet)

What a New "Universal Fuel" Means for the U.S. Economy (Money Map Press)

Explore the pros and cons of investing in the crypto market (Fidelity Investments)

Discuss

Be the first to comment on this story!

 [Log In \(/login/\)](/login/)

[+ Join \(/join/\)](/join/)

[▼ Guest Comment](#)