



# Distinguishing Identity Fraud and Identity Theft

## Introduction

**Identity Theft:** A criminal unlawfully obtains your personal information to impersonate you. This may occur on social media or when applying for credit or loans.

**Identity Fraud:** A criminal fraudulently uses stolen personal information to commit financial or other crimes in your name, including the misuse of your bank details or ID number or credit accounts

## How Identity Theft Affects Organisations

Identity theft is often invisible at first within organisations. It does not necessarily create immediate financial loss for the organisation but it creates exposure.

- During on-boarding, organisations collect personal information such as ID numbers, bank details and contact details.
- If this data is accessed illegally through weak controls, insider misuse, system compromise or a Cybercrime attack, identity theft occurs.
- At this stage, the organisation may not yet actually experience fraud, however, the risk has already been created.

*Identity theft creates hidden risk.*

## How Identity Fraud Affects Organisations

Identity Fraud is where the organisation feels the repercussions. Identity fraud occurs when the stolen personal information is actively utilised to deceive the organisation. This may include fraudulent credit applications, beneficiary claims, account openings or transactions that are conducted in a customer's name. Unlike identity theft, identity fraud results in the organisation experiencing direct financial loss and potentially reputational harm. Organisations will face customer complaints, financial losses and possible regulatory scrutiny.

## Conclusion

Identity theft should not be treated as harmless simply because no fraud has occurred. Ignoring it leads to delaying the response to the hidden risk created. Identity fraud should not be treated as an isolated incident because that would be ignoring the underlying data compromise. Effective fraud prevention requires recognising that identity theft is an **EARLY WARNING** signal, not merely a minor incident.

*Identity theft compromises data. Identity Fraud exploits that compromise.*

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