

HOME DEPOT DATA BREACH COSTS CREDIT UNIONS IN ALABAMA NEARLY \$1 MILLION

- Survey finds breach affected 120,000 cards in state
- Costs to credit unions in Alabama is nearly twice as much as Target data breach
- Credit unions in Alabama have paid \$1.3 million this year for two data breaches

Birmingham/Tallahassee – October 30, 2014 – A new survey finds that credit unions in Alabama have seen more than 120,000 credit and debit cards affected by the Home Depot breach at a cost of nearly \$1 million to the credit unions. The survey, performed by the Credit Union National Association (CUNA), asked credit unions to report the effects of the Home Depot breach (first announced Sept. 18). The results show that the cost of the violation per card issued by credit unions was \$8.02. This amount includes costs for reissuing new cards, fraud, and all other costs – such as additional staffing, member notification, account monitoring, and others.

“The costs to credit unions by data breaches – which seem to be occurring with increasing regularity – are rising, as the CUNA survey clearly demonstrates,” said LSCU & Affiliates President/CEO Patrick La Pine. “The bottom line is that credit union member-owners end up paying the costs despite the fact that the credit unions are not at fault in causing the breaches in the first place.”

This is the second major data breach that has forced credit unions to reissue cards, add staff, and cover fraud costs. The Target breach earlier this year cost credit unions in Alabama an estimated \$400,000. However, the Home Depot breach is about twice as expensive. The CUNA survey found that credit unions in Alabama saw more debit cards (107,105) affected than credit cards (14,845). The overall cost is estimated at \$978,000 for credit unions in Alabama. Couple this with the Target breach and credit unions in Alabama have incurred more than \$1.3 million in costs for data breaches they had nothing to do with.

When looking at the Home Depot breach from a broader perspective, the costs to credit unions across the country are more than \$57 million with 7.2 million credit union debit and credit cards affected. Add this to the Target data breach that cost credit unions \$30 million, and credit unions have had to come up with \$87 million to cover just two data breaches. To date, credit unions have not been reimbursed for costs incurred from the Target breach.

“The law and the incentive structure today allow merchants to abdicate that responsibility, making consumers vulnerable,” said La Pine. “Congress has a role to play in addressing the issue of merchant data breaches by making sure all of the participants are playing by the same



set of data security rules. Merchants that hold consumer data and allow the data to be breached should be responsible for the costs incurred by others.”

Fast Facts from CUNA Survey

- More than four in every five (80.1 percent) of credit unions affected by the breach have reissued or will reissue all affected cards.
- Nearly one in five (18.5 percent) will reissue or have selectively reissued cards in response to member requests or other factors. The remainder – 1.4 percent -- does not plan to reissue any cards.
- 91.8 percent of responding credit unions had been notified by their processor or network that some of their members’ cards had been affected by the Home Depot breach.
- The number of affected debit cards at reporting credit unions amounts to 11.4 percent of outstanding debit cards at those credit unions.
- The number of affected credit cards at reporting credit unions amounts to approximately 7.0 percent of outstanding credit cards at those credit unions.
- The total number of affected debit and credit cards at reporting credit unions amounts to 10.3 percent total cards outstanding at those credit unions.
- Six percent of credit unions report having to increase staffing (additional overtime, shifts, etc.) as a result of the Home Depot data breach.

Credit unions responding to the survey (835 total) have issued a total of 20.1 million cards outstanding (14.9 million debit cards and 5.2 million credit cards). The total represents 28.2 percent of the 53 million debit cards issued by credit unions, 32.5 percent of the 16 million credit cards outstanding, and 29.2 percent of the total of 69 million cards outstanding.

The League of Southeastern Credit Unions & Affiliates represents 277 credit unions in Alabama and Florida with a combined total of \$68 billion in assets and more than 6.7 million members. LSCU provides advocacy and regulatory information; education and training; cooperative initiatives (including financial education outreach); media relations and information; and business solutions. For more information, visit www.lscu.coop. Follow the League on Twitter at twitter.com/LeagueofSECUs or [Facebook](#).

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