

## **Would the Phishers Get Hooked?**

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### **Abstract**

Phishing and identity theft is emerging as one of the crimes of the 21<sup>st</sup> century. It is one of the fastest growing forms of internet fraud. According to the U.S Federal Bureau of Investigation, phishing has become the hottest, and most troubling, new scam on the Internet. Credible estimates of the direct financial losses due to phishing alone exceed a billion dollars per year. Indirect losses are much higher, including customer service expenses, account replacement costs, and higher expenses due to decreased use of online services in the face of widespread fear about the security of online financial transactions. The BBC News on 13 December 2006 reported that the UK has seen an 8,000 percent increase in fake internet banking scams in the past two years and the Financial Services Authority (FSA) was "very concerned" about the growth of phishing. The effect and impact of phishing on banks and internet as an effective mechanism to transact online is far-reaching. The internet, being the dynamic conduit for legitimate commerce, could be transformed into an instrument of consumer scorn and skepticism, if phishing continues to grow.

This paper analyses whether the legislative bait bite. First, it outlines phishing techniques. The paper then examines why phishing succeed and phishers are rarely caught and argues that banks can be held liable for losses suffered by their customers due to phishing. The paper discusses briefly the existing U.S Federal laws that cover phishing and data theft as well as new States anti-phishing laws. Analysis would also be made on the U.K Fraud Act 2006.