

# The Target Data Breach: Potential Consequences for Banks

March 31, 2014

The ultimate cost to Target of its recent data breach remains uncertain. So far, the company is the subject of several state investigations, a number of state and federal lawsuits, and a congressional probe into the incident. In 2007, when TJX Cos. (the parent company of T.J. Maxx, Marshalls, and other retailers) suffered a data breach, the estimated cost of the incident was about \$250 million. Considering scale and inflation, plus the rising cost of security and notification, the Target data breach is likely to cost much more. Target has confirmed that at least 40 million credit and debit card accounts were affected by the breach. It has also confirmed that the names, phone numbers, and email and mailing addresses of up to 70 million additional customers were compromised. While Target is a retailer, its data breach directly impacts the banking industry. Banks and retailers are currently debating which industry is most responsible for protecting customer data. Are retailers primarily responsible, and should they have implemented tighter security for processing payments? Or are the banks primarily responsible, and did they fail to implement modern security features on their credit and debit cards, such as the chip-and-pin features widely implemented in the European Union? Regardless of how the debate is resolved, **consumer behavior will likely play a major role in dictating future responses by both the retail and financial sectors.** For example, consumers may stop shopping at retailers they deem "unsafe" or move their bank accounts to banks perceived to be on the cutting edge of security and privacy. Either way, both industries will have to work hard to safeguard consumer data and fend off future threats.

## Related Practices

[Intellectual Property](#)

©2024 Carlton Fields, P.A. Carlton Fields practices law in California through Carlton Fields, LLP. Carlton Fields publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information and educational purposes only, and should not be relied on as if it were advice about a particular fact situation. The distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship with Carlton Fields. This publication may not be quoted or referred to in any other publication or proceeding without the prior written consent of the firm, to be given or withheld at our discretion. To request reprint permission for any of our publications, please use our Contact Us form via the link below. The views set forth herein are the personal views of the author and do not necessarily reflect those of the firm. This site may contain hypertext links to information created and maintained by other entities. Carlton Fields does not control or guarantee the accuracy or completeness of this outside information, nor is the inclusion of a link to be intended as an endorsement of those outside sites.