

Issued on 13<sup>th</sup> February 2006

## Media Statement from the Irish Payment Services Organisation

### Chips, PINs & Signatures...?

#### – Important Announcement for Debit and Credit Card Holders

Over the last two years the banks, together with Irish merchants, have worked to make card payments in Ireland more secure. The national rollout of *Chip and PIN* (involving c47k point of sale terminals and over 3.5m payment cards) is now nearing its completion. *Chip and PIN* means that cardholders now enter a four-digit PIN instead of signing their names when paying for goods and services with a chipped payment card.

*“There have been isolated reports of some overseas cardholders and customers in Ireland using their ‘old’ card (i.e. those without a chip) being told in shops that if they do not have a Chip & PIN card they will not be able to use their cards after 14<sup>th</sup> February. This is incorrect advice and we would like to reassure all cardholders that they will be able to use their cards as normal in shops and businesses in Ireland and abroad after 14<sup>th</sup> February, 2006.”*

*Úna Dillon, Head of IPSO Card Services*

From now on, all shoppers **with** a chip on their card should use the relevant PIN to authorise their card transactions. The PIN provided by the bank can be changed at any ATM to a number that is more easily remembered.

However, if a cardholder presents a card for payment **without** a chip on it, the retailer should swipe the card and ask the customer to sign the receipt in the same way as would have been normal practise before the introduction of *Chip and PIN*. It is important to remember that whilst various campaigns are reminding retailers and cardholders to use PINs with *Chip and PIN* transactions, retailers should remember that not all customers will have *Chip & PIN* cards. This includes Irish and foreign cardholders whose cards have yet to be upgraded and some disabled customers who have chip and signature cards.

#### Chip and PIN Works

The reason for introducing *Chip and PIN* was simple - to fight rapidly growing levels of counterfeit, skimming and ‘lost and stolen’ fraud which continued to grow at a rate of 30% year on year since the mid 90s. A study by the European card schemes Europay, VISA and MasterCard in 2002 suggested that credit card fraud would otherwise escalate beyond control. The ‘do nothing’ scenario would have meant an estimated €30m per annum in fraud in ROI by 2005 and c€70m by 2008. In the U.K. that figure could potentially have reached £1 billion by 2008. That study became part of the business case for *Chip & PIN*.

The level of counterfeit and ‘lost and stolen’ card fraud has already fallen in Ireland since the introduction of Chip and PIN. This is especially comforting when it is a well known fact that the proceeds raised from card fraud often go towards funding other serious crime and, in some instances, even terrorist activities.

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