

Issued 13th February 2006

Media Statement

Chips, PINs & Signatures...?

– Important Announcement for Retailers

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.

If a chip card is presented for a transaction, retailers should request that the cardholder enters the corresponding Personal Identification Number (PIN). Since January 1st 2005, a retailer that accepts a chip credit card with a signature instead of a PIN for a purchase that later proves fraudulent, will bear the cost. The same rule has applied to debit cards since 1st January 2006.

However, if a cardholder presents a card for payment that does not have a chip on the card, the card should be swiped and the cardholder should be asked to sign the receipt. It is important to remember that whilst various campaigns are reminding retailers and cardholders to use a PIN with their *Chip and PIN* cards, 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.

'If retailers are unsure whether a PIN or signature is required they should just swipe/dip the card into the terminal. The terminal will read the card and will instruct the retailer to ask for a signature or PIN as necessary.'

Úna Dillon, Head of IPSO Card Services

Retailers that have not yet installed Chip & PIN will have to be more vigilant, as those without the technology will be the most prone to fraud.

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 fallen since the introduction of *Chip and PIN* and there are other benefits, too. Larger companies save time processing transactions because members of staff are not fumbling around looking for pens and they are not depending on staff to check every signature in order to protect against card criminals.

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