

Press release
14 August 2006

SIX MONTHS AFTER PIN DAY UK IS THE WORLD'S FIRST CHIP AND PIN SUCCESS STORY

- 99.8% PIN verification -
- More than 150 chip and PIN transactions a second –
- Counterfeit fraud down by a quarter -
- Retailers report faster transaction times -

Exactly six months on from PIN day (Valentine's Day 2006, February 14th), APACS, the UK payments association (14 August) issued an update on the successful progress of chip and PIN. The key statistics are:

- o more than 99.8% of all chip and PIN card transactions are now PIN-verified
- o more than 150 chip and PIN transactions take place every second. This compares with 125 a second six months ago and 85 a second a year ago
- o the UK's banks and card companies have now issued 130 million chip and PIN cards representing 92% of a total of 141 million cards. Cards continue to be upgraded during 2006. This is an increase of 2 million since PIN day and 23 million since the end of June 2005
- o approximately 850,000 tills have been upgraded to chip and PIN. This now represents 87 per cent of all tills in the UK. This is an increase of 25,000 tills since PIN day
- o as customers have got use to using their PIN retailers have reported that transaction times have become quicker with queues in shops shorter
- o thanks to chip and PIN, in 2005, there was a reduction of nearly £60m in counterfeit and fraud on lost and stolen cards (a drop of 24%) compared to 2004.

Said Sandra Quinn of chip and PIN:

"Britain is now a truly mature chip and PIN nation. Millions of people have adapted to the change with no problems at all. This means that we are all a lot safer when we go shopping, and that fraudsters have been denied millions of

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pounds of stolen money. Of course it hasn't eradicated fraud, it never could, as fraudsters will continue to target us and our money. But it is a fact that chip and PIN has made our cards safer than they were two years ago and banks and retailers will continue to work together to keep it this way.

Now we need to remain vigilant, as fraudsters will always try to find other ways to get hold of our money. That is why we are constantly reminding cardholders how to protect themselves from fraud."

Paul Smith from the British Retail Consortium (BRC) also welcomed the new statistics:

"The BRC is delighted that the switch to chip and PIN has been so successful. Feedback from our members has been overwhelmingly positive with many reporting that once customers have got used to using their PIN transaction times have become quicker"

Chip and PIN continues to remind retailers that they should still accept signatures from certain groups of cardholders:

- those from countries that have yet to upgrade to chip and PIN
- those who have a chip and signature card
- those who have 'old-style' cards that have yet to be upgraded

- ends -

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Notes to editors:

- Banks, building societies, retailers, card schemes and card companies joined forces to combat credit and debit card fraud through the introduction of Chip and PIN.
- Chip and PIN involved smart chips on credit and debit cards, coupled with the use of a secret four-digit PIN (personal identification number) to verify the transaction rather than signing a receipt.

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- Chip and PIN is part of a global initiative to cut fraud. Many other countries in Europe and around the world are implementing, or planning to implement, the chip and PIN system, which is built to an international standard.
- All card companies are committed to ensuring that the small number of disabled customers who are not able to use a chip and PIN card are able to use an alternative such as a chip and signature card which enables them to continue using their cards without a PIN
- The consumer continues to be protected from card fraud losses by The Banking Code. Nothing changes for the consumer. Just as now, cardholders do need to be responsible in protecting their cards and keep their PIN a secret.
- Other types of card fraud, such as identity fraud and card-not-present fraud, are being tackled by retailers and banks through a number of initiatives. These include verifying the cardholder's address and cross-checking a card security code to combat fraudulent transactions made over the phone and internet; production of training manuals; multi-sector working groups to address practical solutions and research into hand-held card readers that could be used in the future for card-not-present payments.
- UK plastic card fraud facts and figures can be downloaded from www.cardwatch.org.uk
- APACS is the UK payments association. It provides the forum for the UK's financial institutions to come together on non-competitive issues, to develop banking systems for the future and to provide innovation and developments in payments. It is also the banking industry voice on payments issues such as plastic cards, payment fraud, cheques, electronic payments and cash and is the banking organisation coordinating chip and PIN roll-out.

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