

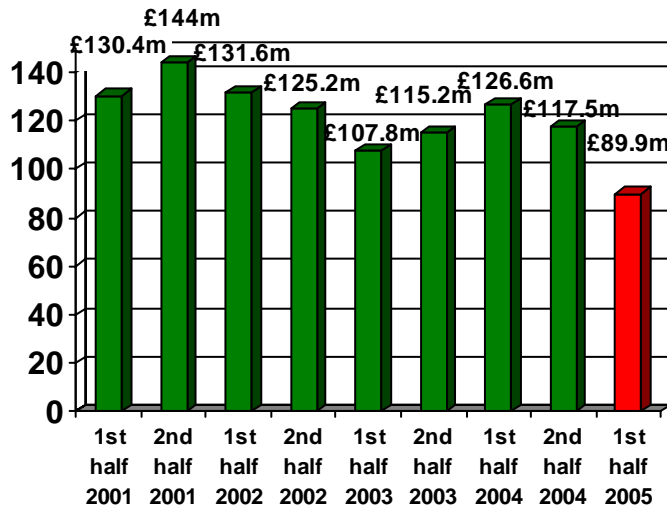
AFTER 14 FEBRUARY 2006 CHIP AND PIN CARDHOLDERS MUST USE THEIR PIN TO BE SURE THEY CAN PAY

Lost and stolen and counterfeit card fraud already down almost 30 per cent

The Chip and PIN Programme today (10 October 2005) announced that after Valentine's Day 2006 cardholders must use their PIN to be sure of being able to pay with their chip and PIN cards. If shoppers don't use PIN, their card may be declined and the option of signing can no longer be guaranteed. Cardholders will continue to sign on old-style cards which have not yet been upgraded to chip and PIN.

This follows a reduction of £36 million in counterfeit and lost and stolen fraud on plastic cards in the six months January to June 2005 compared with the same period last year. This reduction of nearly a third (29%) - from £126.6m in the first six months of 2004 to £89.9m in the same period in 2005 - is due to the new chip and PIN system and shows the huge effect that using PIN is having on fighting fraud. This represents a fall of 31 per cent in counterfeit card fraud and 27 per cent in lost and stolen card fraud.

Fraud on lost & stolen and counterfeit cards – January 2001 to June 2005¹



Sandra Quinn of the Chip and PIN Programme explains:

“This is the final phase of the successful chip and PIN roll out. More than nine out of ten people have a chip and PIN card and there are a hundred successful chip and PIN transactions a second. Using chip and PIN has already cut fraud – and now we want to close off even more opportunities for the fraudster.

The vast majority of people are already successfully using PIN. 97 per cent of transactions on chip and PIN debit cards and 89 per cent of transactions on chip and PIN credit cards are already successfully verified by PIN. This announcement is targeted at the minority of consumers who have chip and PIN cards but are not yet using PIN. There are four months left to ensure they find out, remember and use their PINs. The best way to get ready is to start using PIN now.”

Paul Smith, Director, British Retail Consortium added: “Our experience in shops shows that most people have taken to chip and PIN like ducks to water. They find it simple, quick and convenient. Now is the time to encourage those not using PIN to get ready to do so by 14 February next year, so that we can drive even more fraud out of our shops.”

Recent consumer research² shows that UK cardholders have overwhelmingly embraced chip and PIN. 87 per cent of chip and PIN cardholders find chip and PIN easy to use. Research results among disabled people³ show that chip and PIN is also very well accepted. 83 per cent of disabled people say they find chip and PIN the same or easier than signing and 81 per cent say they like using the new way to pay.

The Chip and PIN Programme is launching a consumer awareness programme today to remind those few consumers who are not using their PIN to start to use their PIN at every opportunity. The “I ♥ PIN” campaign focuses on the 14 February date, after which cardholders must use their PIN to be sure they can pay with their chip and PIN card. It will run for four months and will include a PR campaign, online information, a customer leaflet and point-of-sale material for shop staff to use.



www.chipandpin.co.uk

The I ♥ PIN campaign will encourage cardholders to find out, memorise and use their PINs for all their chip and PIN debit and credit cards. If they don't know the PIN for any of their chip and PIN cards, cardholders should contact their card company now who will issue a reminder. The campaign will also concentrate on giving cardholders useful hints and tips on how to remember PINs.

There will still be some instances where cardholders will continue to sign even after 14 February 2006. These include:

- purchases in outlets which are not yet using chip and PIN technology
- purchases made on cards which have not yet been upgraded to chip and PIN
- purchases made abroad in countries which have not yet upgraded to chip and PIN
- disabled customers using a chip and signature card instead of a chip and PIN card will always continue to sign

- ends -

For more information contact the chip and PIN press office:

T: 0870 442 7898 M: 07973 159918 or 07881 622 742

E: chipandpin@fourplc.com

W: www.chipandpin.co.uk

Copies of the consumer leaflet will be available online.

Notes to editors:

- Banks, building societies, retailers, card schemes and card companies have joined forces to combat credit and debit card fraud through the UK Chip and PIN Programme.
- The Chip and PIN Programme will see 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.
- This simple new system is part of a global initiative to cut fraud. Many other countries in Europe and around the world are planning to implement the chip and PIN system, which is built to an international standard.
- All banks 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 will enable them to continue using their cards now and after 14 February 2006.



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- The Chip and PIN Programme continues to consult with the Disability Rights Commission and other groups to consider the needs of disabled cardholders.
 - The consumer will continue 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 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
1. Please note that this chart shows a rolling six-month total for the categories of counterfeit and lost and stolen card fraud from January 2001 to June 2005. Half-year figures for the other types of card fraud (card-not-present, mail non-receipt and identity theft on card accounts) will be published, as usual, next month.
 2. RSGB Omnibus interviewed 2015 adults in the period 31 August to 4 September 2005
 3. NOP interviewed 350 disabled cardholders in the period 2 to 14 August 2005. This is the fifth wave of disability research



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