



News release

1 August 2003

First Chip and PIN trial report launched

- Retailer Report calls for urgent action to implement chip and PIN –

- Trial in 1,000 Northampton outlets a success –

The first chip and PIN trial report - "Rolling out chip and PIN – A retailer guide to lessons from the Northampton trial" - is launched today (1 August 2003). Specifically designed for retailers, the report looks at lessons learnt from the three-month chip and PIN trial in Northampton which started in May 2003 and how these should be used during the national rollout.

A key message of the report is that retailers who own their own integrated point-of-sale equipment should act without delay to implement chip and PIN. "They must act now to meet the 2005 liability shift date, when retailers become liable for fraud on chip and PIN cards in their stores which could have been prevented by using chip and PIN point-of-sale technology," comments David Smith, corporate affairs director at the British Retail Consortium (BRC). "The trial showed that time is a crucial factor and allowing enough time for planning, testing, approvals, training and implementation is crucial to success."

Overall the report says that the trial was an overwhelming success. "The main thrust of the trial was to see how customers reacted to chip and PIN," says Steve Sinclair, communications director of the Chip and PIN Programme. "We already knew that the technology worked but we wanted to see the technology in action, test getting the certification and approvals processes right and iron out any detailed configuration 'bugs'."

More than 200,000 new-style credit and debit cards have been issued in Northampton with around 1,000 outlets, including shops, restaurants, pubs, hotels and petrol stations taking part in the trial.

Hazel Blears, Home Office Minister for Crime Reduction and Policing comments in the report: “The first public trial of chip and PIN in Northampton has provided excellent results and I am encouraged that the lessons learnt in the trial will be taken forward as the scheme is rolled out across the country. As well as fighting fraud, chip and PIN has proved to be an efficient, secure and customer-friendly system.

“I am pleased that so many retailers as well as the banking industry have already committed themselves to introducing it. With the support of the rest of Britain's retailers we can step up the fight against crime. “

Key report findings include:

- **Customers in the trial really love the new system.** They had a very positive attitude about the improved security and they found chip and PIN easy to use. Tracking research among Northampton consumers in July showed that even before the trial had ended 86% had heard, read or seen something about the scheme, and 83% were in favour of its introduction.
- **Chip and PIN offers many benefits to retailers.** Apart from slashing two of the main types of card fraud in the future, the chip and PIN system cuts down administration time and the onus of identifying cardholders is shifted away from the retailer. There are also significant customer service benefits – over time, as staff and customers get used to it, chip and PIN will cut queuing time, for instance.
- **Specific lessons for retailers for the national rollout have been learnt.**
These include:
 - o The need to engage software and hardware suppliers early
 - o A good two-way relationship with acquiring banks is crucial
 - o Allowing enough time for testing is key to success
 - o Retailers should consider the needs of people with disabilities early in the process

- Chip and PIN is quick for retail staff to learn
- Cardholders learn quickly and trial experience suggests that by their third transaction they are competent and confident.

Hard copies of the report are available on request from info@chipandpin.co.uk at a cost of £50. A PDF version can be downloaded free of charge from www.chipandpin.co.uk

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Notes to editors:

- Banks, retailers, building societies and card issuers have joined forces to combat the problem of credit and debit card fraud through the UK Chip and PIN Programme.
- The Chip and PIN Programme will see magnetic stripes on credit and debit cards replaced with a smart chip, and by 2005 cardholders will verify their purchases by keying in a secret four-digit PIN (Personal Identification Number) 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.
- The Chip and PIN Programme continues to consult with the Disability Rights Commission to consider the needs of cardholders with disabilities.