

# PRESS RELEASE

10 January 2005

## Chip and PIN gets off to flying start in 2005

- Record number of PIN transactions every second –
- Programme offers advice to retailers on liability shift –

At the close of the first week in 2005, the Chip and PIN Programme today (10/01/05) issues latest transaction findings and reassures retailers about the liability shift which came into effect from 1 January 2005.

More than 45 successful chip and PIN transactions are now taking place every second, and 25 million PIN-verified sales were recorded in the first week of 2005. Retailers and consumers continue to adapt quickly and easily to the new, more secure way to pay with plastic which began rolling out in the UK in October 2003 and will continue to rollout in the UK and across Europe in 2005.

The Programme also offered reassurance to retailers and other businesses accepting card payments in light of 'chip and PIN myths' that have arisen around the liability shift.

The liability shift means that outlets that have upgraded to chip and PIN will be completely protected from the cost of card fraud as long as they follow terminal prompts and standard security checks – even in the case of fall back to signature if a customer does not know their PIN.

Businesses that own their own payment systems and have not yet installed the new technology are now liable for the cost of fraud committed on chip and PIN cards at the point of sale that could have been prevented by using chip and PIN technology. Only 15 per cent of retailers have yet to switch and these companies are advised to best protect themselves by carrying out standard security checks to make sure cardholders are genuine. Anyone worried about the increased impact of fraud should speak to their acquiring bank about making the move to chip and PIN as soon as possible.

Banks and card issuers will continue to cover the cost of fraud on old style magnetic stripe cards in all cases, whether an outlet has upgraded to chip and PIN or not.

Paul Smith of the British Retail Consortium, one of the bodies responsible for the rollout of chip and PIN, says:



Safety in numbers

[www.chipandpin.co.uk](http://www.chipandpin.co.uk)



“There are a few rumours circulating that retailers shouldn’t accept cards without a PIN – this is absolutely not the case, in fact it’s a ridiculous suggestion. It would mean that tourists couldn’t use their cards in the UK, and that magnetic stripe cards that haven’t reached their expiry dates would no longer be valid, so of course it’s untrue. Banks and card issuers will continue to pick up the cost of fraud on old style magnetic stripe cards – which by and large are those where a signature will be requested for authorisation - so there’s no reason why a retailer should not accept non-chip and PIN cards.

“Although we know the vast majority of businesses are getting it right, we want to reassure every business that the process for accepting card sales remains as it did before 1 January. All cards can be accepted – whether they are chip and PIN cards, chip and signature cards, or the old style magnetic stripe cards. If a business has a chip and PIN terminal, they simply need to follow the prompts on the terminal, which will ask for a PIN or print out a receipt to be signed depending on the type of card. If a customer can’t remember their PIN, point-of-sale staff can override the PIN request and accept signature. If this request is authorised by the terminal and a receipt is printed out to be signed, businesses are fully protected from the cost of fraud, even if the sale later turns out to be fraudulent.”

Any business with queries as to where they stand should contact their acquiring bank for reassurance about accepting card sales, or visit the chip and PIN website for comprehensive advice.

- ends -

**For more information contact the chip and PIN press office:**

T: 0870 442 7898

E: [chipandpin@fourplc.com](mailto:chipandpin@fourplc.com)

W: [www.chipandpin.co.uk](http://www.chipandpin.co.uk)

**Notes to editors:**

- Banks, building societies, retailers, card schemes 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 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.
- Consumers will continue to be protected from card fraud losses by the commitment in 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-



Safety in numbers

[www.chipandpin.co.uk](http://www.chipandpin.co.uk)



sector working groups to address practical solutions and research into hand-held PIN readers that could be used in the future for card-not-present payments.

- The Chip and PIN Programme continues to consult with the Disability Rights Commission and other groups to consider the needs of disabled cardholders.
- UK plastic card fraud facts and figures can be downloaded from [www.cardwatch.org.uk](http://www.cardwatch.org.uk)



Safety in numbers  
[www.chipandpin.co.uk](http://www.chipandpin.co.uk)

