

PRESS RELEASE

For release: 30 December 2004

Beating the card fraudsters during the January Sales *- Three quarters of cardholders now have a chip and PIN card –* *- Non chip and PIN cards still accepted everywhere after Christmas -*

The Chip and PIN Programme today (30 December 2004) issues advice for cardholders and warns card fraudsters that they'll find themselves out in the cold this January.

More than three quarters of the UK's cardholders now have at least one chip and PIN card in their wallets and 40 chip and PIN transactions are taking place each second. More than eight of out 10 retailers also have new fraud beating terminals at their tills and checkouts. But for people yet to receive their new cards there is no need to worry.

Chip and PIN cards will continue to be issued throughout 2005, most probably when cards reach their expiry dates. Cardholders can continue to use non-chip and PIN cards in all outlets, and will be asked to sign for goods, just as they do now. Similarly, customers with chip and PIN cards will still be asked to sign for goods in outlets that have yet to upgrade to chip and PIN.

Paul Smith from the British Retail Consortium, one of the organisations involved in the rollout of chip and PIN, says:

“Despite some misleading reports, I am delighted to reassure customers that they will have no problems at all shopping in the sales, whether they have new chip and PIN cards or not. All stores will still be accepting cards as they do now after 1 January. And even if chip and PIN cardholders forget their PIN, they will still be able to sign for goods.



“Some businesses have asked for clarification following recent inaccurate press reports. We can categorically state that if they have chip and PIN terminals in store, they’re completely covered from the cost of card fraud whether people enter their PIN or their signature, just so long as they carry out the same routine checks that they do today to ensure cards have not already been reported lost or stolen. Banks will also continue to pick up the cost of all card fraud committed on old style non-chip and PIN cards, so by accepting them no business is putting itself at risk in any way.”

Chip and PIN is being introduced to tackle card fraud in the UK and has been rolling out since October 2003. The new cards combat both fraud on lost and stolen cards and counterfeit card fraud - which together make up more than half of all card fraud in the UK. Chip and PIN works because the odds of a fraudster correctly guessing a PIN are 10,000 to one. At present they can simply forge a signature by copying it from the back of a lost or stolen card.

Paul Smith continues:

“We know that PIN works as a method to beat the fraudsters, and we know from extensive research that it’s popular with both cardholders and retailers – as people adapt to the new technology quickly and easily.

“We also know that a small minority of customers are worried about keeping their PIN safe. Chip and PIN cardholders can make themselves feel doubly secure by using their hand or body as a shield when they enter their PIN – just as we’d recommend they do at a cash machine. And if they feel their PIN may have been compromised in any way, they can change it at most cash machines by using the PIN services option.

“We would encourage everyone to start using their PINs as soon as they have their new cards. By using your PIN sooner rather than later, everyone benefits from a more secure payment system.”



For more advice for cardholders and businesses on keeping cards secure during the sales visit www.chipandpin.co.uk and www.cardwatch.org.uk

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For more information contact the chip and PIN press office:

T: 0870 442 7898

E: chipandpin@fourplc.com

W: 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-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

