

News release



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Chip and PIN is coming: retailers need to start planning now!

- Newly released figures shows card fraud peaked at £424 million in 2002 -

Major fraud-busting measures are coming in the form of chip and PIN and every retailer needs to get ready now, according to the UK Chip and PIN Programme. In particular, retailers who own their point-of-sale terminals need to engage in implementation programmes quickly so as not to lose out.

Newly released figures from the Association for Payment Clearing Services (APACS) shows that plastic card fraud reached another record high in 2002 with £424.6 million worth of fraudulent transactions made compared to £411.5 million the previous year.

The benefits of chip and PIN

Apart from slashing plastic card fraud, the chip and PIN system offers many benefits for those who accept payment cards. Costs relating to fraud will be cut significantly, including the cost of administration related to RFIs (Requests for Information). In most cases, there will be no need for the retailer to keep a voucher, as the payment is guaranteed provided the PIN has been verified. The onus of identifying the cardholder will be shifted away from point-of-sale staff and onto a technology-based method.

There are also significant customer service benefits. PIN is faster than signature, so customers will spend less time queuing at the till. The sophistication of chip cards also means they can support add-on services such as retailer loyalty schemes or an electronic purse. And with increased security that chip cards bring, the potential exists for traders to expand the use of unattended payment terminals such as pumps in petrol stations, car park pay-points, vending machines and self-scanning at supermarkets.

Act now!

Steve Sinclair, communications director of the Chip and PIN Programme explains why retailers should begin their chip and PIN implementation now: “We’re only a short while away from the start of the public trial of the Chip and PIN Programme which kicks off in Northampton in May. The trial is the first phase of a national rollout due for completion by 1 January 2005.

“After this date, retailers who haven’t upgraded to chip and PIN will become liable for plastic card fraud which takes place in their shops which could have been prevented with chip and PIN technology. It’s critical that they act now to ensure they have time for planning, implementation and testing. Some retailers may be planning to wait until the end of the trial to decide whether to adopt chip and PIN but any delay will be costly and will limit their ability to implement on time.

“Next year we anticipate that there will be a shortage of vendors able to implement in the timescale retailers will need. Retailers should be meeting their acquirers and equipment vendors now to define their requirements.”

David Smith, corporate affairs director at the BRC also urged retailers to act quickly: “This is one of the biggest, most complex and highly customer-focused projects ever faced by the retail industry. It will affect retailers’ customers, banking and hardware/software supplier relationships. It will be a major investment, whether implementation for your business is a freestanding exercise or as part of a wider POS project. And it has major implications for the reputation of each business and for the retail sector as a whole.”

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Photographs:

Photographs showing chip and PIN in action can be downloaded from the news room at www.chipandpin.co.uk.

STEP-BY-STEP GUIDE

What should a retailer owning their terminals do right now?

The end of 2004 is not that far away and now is the time for retailers to consider the practicalities of implementing chip and PIN. Here are the first things you need to do:

1. First, you should establish the facts. You should talk with your acquiring bank, if they have not already contacted you. They will advise you and help you to understand how chip and PIN will affect your business and the steps you need to take.
2. You should also speak to as many equipment suppliers or vendors as you can so you understand at an early stage what solutions they have available, which will suit your retail environment. Different kinds of trading environments require different solutions. There are five main retail environments which are:
 - over the counter (e.g. a clothing shop)
 - fast flow (e.g. a supermarket)
 - wireless or mobile (for paying at the table in a restaurant)
 - screened (e.g. when the checkout operator is behind glass)
 - Unattended Payment Terminal (UPT)
3. It is also worth contacting the trade association for your sector who will be able to give you guidance and share information about what other retailers are doing.
4. The next important thing you should do is set up an internal project team. Implementing chip and PIN will involve many teams across the business. The project team should include people with skills and experience in POS equipment, IT and systems, finance processes, customer services, marketing, staff training and instore operations.

For further help and a step-by-step guide to implementation, from developing a solution to rollout plans, please visit www.chipandpin.co.uk/traders/index.html