

Visa announces five-year agenda to strengthen payment security in Australia

Plans include accelerated migration to chip and PIN technology and measures to strengthen online security and ATMs

Sydney, 10 December 2008 - Visa today released details of a five-year agenda for Australia to strengthen the security of the payments system.

As part of the agenda, Visa will engage in discussions with Australian financial and merchant communities to set deadlines for the implementation of seven key security initiatives.

All of the initiatives will provide greater protection against fraud for cardholders, merchants and financial institutions, while some will also help to reduce the time it takes to make an electronic transaction.

These initiatives are aimed at addressing online fraud; fraud resulting from lost, stolen and counterfeit cards and from the possible theft of personal information.

Although fraud in Australia is low by world standards¹, new initiatives are required to help manage the trend from cash and cheque² to electronic payments.

The seven key initiatives planned for implementation within the next five years are:

1. Ensuring all merchant terminals in Australia are chip-capable and operational;
2. Moving to 100 percent chip card issuance earlier than planned;
3. Introducing a broad rollout of PIN (Personal Identification Number) verification for all domestic transactions with the aim of ending the use of signature;
4. Enrolling all cardholders in the online authentication system - *Verified by Visa*;
5. Requiring all online merchants in Australia to check the three-digit security code (Cardholder Verification Value 2) on the back of the card;
6. Ensuring higher levels of data security protection at "Level Four"³ eCommerce merchants and,
7. Ensuring all Automated Teller Machines (ATMs) are chip-enabled and activated.

Visa already offers 100 percent purchase protection across all of its credit, debit and prepaid cards issued in Australia under its Zero Liability policy. Under this policy, Visa cardholders are not held liable for unauthorized transactions whether they are conducted online, in person or over the phone.

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¹ According to the Australian Payments Clearing Association (APCA) (See background info)

² Payment System Board Annual Report 2008 (See background information)

³ Level Four merchants are those processing less than 20,000 Visa e-commerce transactions annually and all other merchants processing up to 1 million Visa transactions annually

Visa's General Manager for Australia, New Zealand and the South Pacific, Mr. Chris Clark, said a number of factors had combined meaning Australia could now enhance the payments system.

"The time is now right to take advantage of new technologies and to strengthen the system in so doing. While we have a versatile, robust and secure system at present, these initiatives will make it even better," Mr Clark said.

"Since 2003, all new terminals have been chip-capable and now all of the major banks and several smaller institutions are issuing chip cards. This year, we have introduced PIN verification on Visa transactions.

"We're also seeing more and more transactions on electronic payment products. For the 12 months ending December 2007, the Australian Payments Clearing Association reported that \$251 billion was transacted in Australia on credit and charge products offered by Visa and other organizations⁴. More and more of these transactions are online⁵.

"The initiatives planned for the next five years will help to combat further all types of fraud and make the system quicker and easier to use⁶. While these initiatives are being implemented, consumers can continue to use the system, as they have done for years, with confidence.

"The initiatives involving chip-enabled terminals and chip cards will see Australia move to 100 percent chip implementation for all Visa cards⁷ and terminals, rather than just the majority, earlier than planned. The introduction of PIN as the cardholder verification method⁸ will add another layer of security for card present transactions and will see Visa cardholders transact even faster than they do now," Mr Clark said.

According to Mr Clark, Visa will also focus on the online environment. "As part of our security agenda, we will require all online merchants to check the three-digit security code on the back of the card before processing a transaction. This will be followed at a later date by the automatic enrolment of cardholders in *Verified by Visa* and encouraging merchants to offer this service," he said.

"The merchant community has been rapidly adopting the Payment Card Industry Data Security Standard (PCIDSS) and the focus has been on high volume merchants. We also need to make sure merchants at the other end of the scale are equally secure. The final part of the plan involves fitting current and new ATMs with chip card readers. Once this is introduced, we will be taking full advantage of chip card technology.

"In early 2009, Visa will convene meetings with financial institutions and merchants to develop an appropriate timetable for the implementation of these initiatives. While Visa hopes to have all of this completed within five years, it is looking to introduce most initiatives sooner rather than later," Mr Clark said.

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⁴ Australian Payments Clearing Association re Visa, MasterCard, AMEX and Diners

⁵ AC Nielsen http://www.nielsen.com/media/2008/pr_080128b.html

⁶ APACS: http://www.apacs.org.uk/media_centre/press/06_15_12.html

⁷ Except prepaid gift cards

⁸ Except Visa payWave-enabled transactions at specific merchants

Background information

APCA fraud data

[http://www.apca.com.au/Public/apca01_live.nsf/ResourceLookup/Press_Release_Payments_Fraud_Statistics_4.pdf/\\$File/Press_Release_Payments_Fraud_Statistics_4.pdf](http://www.apca.com.au/Public/apca01_live.nsf/ResourceLookup/Press_Release_Payments_Fraud_Statistics_4.pdf/$File/Press_Release_Payments_Fraud_Statistics_4.pdf)

Chip cards and terminals

http://www.visa-asia.com/ap/au/cardholders/security/chip_technology.shtml

CVV2 – three digit security code

<http://www.visa-asia.com/ap/au/merchants/gettingstarted/identifyingvisa.shtml>

Payment Card Industry Data Security Standards

<http://www.corporate.visa.com/md/nr/press873.jsp>

<http://www.visa-asia.com/ap/au/merchants/riskmgmt/ais.shtml>

Payment System Board Annual Report 2008

http://www.rba.gov.au/PublicationsAndResearch/PSBAnnualReports/2008/Html/dev_pay_sys.html

Verified by Visa

<http://www.visa-asia.com/ap/au/cardholders/security/vbv.shtml>

Visa payWave

http://www.visa-asia.com/ap/au/cardholders/cardsservices/visa_paywave_benefits.shtml

Zero Liability policy

http://www.visa-asia.com/ap/au/cardholders/security/zero_liability.shtml

About Visa

Visa operates the world's largest retail electronic payments network providing processing services and payment product platforms. This includes consumer credit, debit, prepaid and commercial payments, which are offered under the Visa, Visa Electron, Interlink and PLUS brands. Visa enjoys unsurpassed acceptance around the world and Visa/PLUS is one of the world's largest global ATM networks, offering cash access in local currency in more than 170 countries. For more information, visit www.corporate.visa.com.

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