



NEWS RELEASE

Visa announces dates for chip and PIN rollout for Australia

Signatures will be phased out as part of a seven-point strategy to crackdown on card fraud

Sydney, 2 November 2009 – Visa today announced it will move to chip and PIN technology for all Australian Visa cards over the next four years, with signatures no longer accepted at the checkout from 2013, as part of a wide-ranging agenda to cut card fraud.

Visa's General Manager for Australia and New Zealand, Chris Clark, said Visa was working with financial institutions and retailers to upgrade more than 14 million Visa cards in Australia¹, half a million merchant point of sale terminals and thousands of ATMs to chip and PIN technology.

"From January 2010, all new Visa credit cards issued in Australia will feature secure embedded smart chips to give Australians a higher level of confidence in the security of their transactions," Mr Clark said. "This will be followed by the upgrade of Visa debit and reloadable prepaid cards from January 2011," he added.

"Chip technology will also offer banks and merchants the ability to provide their customers with benefits such as faster transactions, innovations such as contactless payments and the opportunity to store information such as reward programs on their cards."

Mr Clark said the move to chip and PIN was part of a comprehensive seven-point security agenda that also includes initiatives to enhance the security of online transactions. Cardholders will be enabled to use a Verified by Visa password when shopping over the internet. Online retailers will be required to capture the three-digit cardholder verification number when processing transactions, while small and medium sized businesses will be required to enhance their levels of data security.

"These initiatives are part of a comprehensive security upgrade aimed at providing cardholders with a higher level of confidence and significantly reducing all types of card fraud including counterfeit, skimming and online fraud," Mr Clark said.

"While card fraud in Australia remains low by world standards, overseas criminals are becoming increasingly active in seeking out new arenas. The time is right to take advantage of the new technologies available to work across the industry, with banks and merchants, to strengthen security across the board," Mr Clark said.

Visa announced its security strategy in December 2008 and has been consulting with financial institutions and merchants to agree on the following actions and timelines:

- Moving to 100 percent chip card issuance. By 1 January 2010, banks and other financial institutions must issue all new Visa credit cards on chip; by 1 January 2011 all new Visa debit and reloadable prepaid cards must be on chip; and by 1 April 2013, 100 percent of all Visa cards must be on chip.

¹ At 31 March 2009 as reported by client financial institutions and may be subject to change

- Ensuring all merchant acceptance terminals must be chip capable and activated by 1 April 2012
- Ensuring all new Automated Teller Machines (ATMs) commissioned must be chip capable by 1 January 2011.
- Introducing a broad rollout of PIN (Personal Identification Number) verification for all domestic transactions, with signatures no longer accepted from 1 April 2013²
- Issuers must enrol all Visa cards for Verified by Visa, a free service for cardholders that provides a password for secure online shopping, by 1 April 2012
- All merchants who take online, telephone and mail order transactions must check the three-digit card verification code (known as CVV2) from 1 January 2011
- Small and medium sized (Level 4) merchants will be required to implement higher levels of data security. Acquiring banks will be required to provide Visa with a program for their merchants to comply with the Payment Card Industry Data Security Standard (PCI DSS) by 30 April 2010 that includes a strategy for risk profiling, merchant education and compliance reporting twice per year.

Currently about 37 percent of Visa cards issued in Australia are chip-enabled³. Chip cards used with PINs have proven to be effective in reducing counterfeit card fraud overseas. The UK introduced compulsory chip and PIN in 2006, resulting in fraud losses at UK retailers falling by 35 percent between 2005 and 2008⁴. In Malaysia, chip technology was mandated in 2005 and resulted in domestic counterfeit fraud on Malaysian-issued Visa cards being virtually eliminated within 12 months⁵

“The migration from signature to PIN will allow us to take full advantage of the protection provided by chip card technology,” Mr Clark said.

He added that recent fraud trends have highlighted Card Not Present (CNP) fraud as an area of concern. “Initiatives such as CVV2 and Verified by Visa will focus on online security and empower cardholders to play a more active role in protecting their information,” Mr Clark said.

In addition to its multiple layers of security, Visa offers 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 unauthorised transactions whether they are conducted online, in person or over the phone⁶.

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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 and territories.

² Signature will still be accepted on Visa cards that are issued overseas
³ At 30 June 2009 as reported by client financial institutions
⁴ APACS fraud data ending June 2008, released September 2008
⁵ According to Visa based on client reporting
⁶ Consult your card issuer for terms and conditions