

Signatures void

BY CLAIRE HIBBIT

The nationwide change to expand PIN at the point of sale (POS) and phase out of the signatures as a form of verification on Australian credit and debit cards kicks off today.

Over the next three months, 800,000 merchant payment terminals nationwide will undergo a software update, rendering the signature obsolete.

The move from pen to PIN is being led by the Industry Security Initiative, a collective of Australia's major financial institutions and card schemes, to protect consumers against card fraud, but the phase out has raised some concerns among SMEs as to what impact it will have on the sales process and customer experience.

Although PIN usage has increased in the past six months, 10 per cent of all Australians will have to use their PIN for the first time following the change.

Many retailers view the transition as initially difficult, however, those in the payments industry see the move as a positive step forward for both retailers and customers, highlighting its significantly improved security.

Not all will be affected by the switchover, with a sub-sector of consumers in Australia, such as international travellers and those with a disability, to be exempt from using a PIN.



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“The most important thing for retailers is not to panic,” Bruce Mansfield, MD of Eftpos Payments Australia, told Inside Retail PREMIUM.

Mansfield says that while using a PIN is not new to Eftpos and its cardholders, other payment providers who have previously relied on signatures are now embracing PIN.

“ Over the next three months, 800,000 merchant payment terminals nationwide will undergo a software update, rendering the signature obsolete. ”

“This has been a long thought out project and there has been a lot of planning bringing us to August 1.

“There will now be an enhanced level of security of who is using the card, giving both consumers and merchants comfort that it is a legitimate transaction.”

The phase out from signature to PIN will rollout until October 18, 2014.

“The positive message is that it has happened in jurisdictions around the world, so it’s not something that is new to people,” Mansfield said.

“There may be some issues with credit cards and PINs because consumers don’t have them,

however, consumers should be familiar with the use of PIN because they do it everyday with the use of Eftpos at the ATM.”

Foodservice retailers

According to Andrew Rothwell, co-founder of Tyro Payments, it will be those in the hospitality sector that will feel the biggest impact following the phasing out of signatures.

Rothwell advises that merchants need to have an easy to use POS system in place and provide adequate training to staff on payment terminals to ensure a smooth transition.

“It’s not a complicated interaction between the customer and retailer. When you’re buying an item, customers generally use the Eftpos terminal or ‘tap and go’, whereas in the bar, cafe, restaurant space, there’s now more thinking required.”

The hospitality industry will be looking to technology to ensure the transition to PIN does not have a negative impact on customers’ dining experience and business revenue.

According to Tyro research, PIN usage in transactions that offer a choice between PIN and signature increased from 59 per cent in November 2013 to 78 per cent in June 2014 for 10,000 small to medium businesses, including many restaurants, cafes, and pubs, however, restaurants lagged with only 66 per cent PIN usage.

Tipping has also been named as a likely casualty, with tips expected to fall by double digits, similar to the UK experience.

Rothwell says merchants will now be able to “bring the terminal to the table” and need to invest in a simple, fast, and secure payment process that integrates restaurant management software and payment terminals.

This will allow patrons to use the Eftpos terminal at a table at their own pace to nominate the amount they want to pay, split the bill, tip, and pay using a PIN.

“There needs to be a really great education program provided for the Eftpos machines to the restaurateurs,” Rothwell told Inside Retail PREMIUM.

“Staff stand to the side of the table or serve someone else nearby to allow those people at the table to enter their tip if they want to, and enter their PIN, and they’re done.

“It’s just simple psychology. It’s about giving people privacy and comfort.

“The Eftpos machine itself should also be really well designed so that the transaction is really simple and easy to understand.

“Our early anecdotal evidence suggests that there is actually an uptick in tips if you do it right.

“If you sufficiently educate the wait staff you can increase tips. This is because wait staff now get more of a chance to spend time with their patrons.

“One of our clients is a high end restaurant, and tips that have come from the pay at the table solution are better than the paper-based tips that they used to get, and that’s really encouraging.” ■

