



**Association for Payment Clearing Services**

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## **PRESS RELEASE**

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### **PINs TO REPLACE SIGNATURES**

APACS announced today that the UK banking industry is pressing ahead with its fraud-fighting programme to ensure that in 2005 all UK credit and debit card transactions will be authorised by the customer keying in their PIN (personal identification number) rather than by signing a receipt.

The banking industry is working closely with a number of the country's best-known retailers\* to deliver a public trial of PINs (early in 2003) at till points in a town to be announced in the spring. The trial will be vital in preparing for the full national roll-out and ensuring we learn how best to engage the support of customers.

Since 1995 the banking industry has been working to develop an enduring solution to plastic card fraud and, for the past year, the banking and retailing industries have shared a vision of moving to PIN verification using the power of highly secure chip cards. When fully implemented, the chip and PIN verification system is anticipated to more than halve UK fraud losses.

Banks and retailers have been keeping Home Office Ministers briefed on the progress of the fight against plastic card fraud and have received strong support in progressing moves towards chip and PIN. Today's announcement will play a key role in satisfying the Government's objective of cracking down on what is increasingly an area exploited by organised criminals, and which results in losses exceeding £1 million per day.

Over the next two to three years all 100 million UK debit, credit and charge cards will be re-issued with chip and PIN capability. The UK chip offers global interoperability as it meets international specifications laid down by the international card schemes Europay/MasterCard and Visa (EMV). Most European countries are about to issue cards to the same specification, and over time there will be increasing use of these cards around the world.

The total costs of implementing the PIN programme are estimated to total some £1.1 billion, spread over the next two to three years.

Extensive market research conducted over the past few years has shown that most people are generally comfortable with using PINs for card transactions, with two-thirds of customers already regularly using their PIN at cash machines. However, it is recognised by the banking and retailing industries that a major programme of education and reassurance will be needed to ensure that our shared customers find the change welcoming and uncomplicated and that a process is in place that is acceptable to customers with disabilities.

Chris Pearson, APACS Chief Executive, said *“Today’s announcement heralds a change which will affect every cardholder in the UK. We are confident that the start of the PIN programme will be remembered as the defining moment in the fight against plastic card crime.”*

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| * Association of Train Operating Companies | Sainsbury's Supermarkets Ltd  |
| Dixons Stores Group                        | Shell UK Oil Products         |
| Esso                                       | Spar                          |
| Focus                                      | Tesco                         |
| Going Places                               | Texaco                        |
| Marks and Spencer p.l.c.                   | Total                         |
| Powerhouse                                 | Wickes                        |
| River Island                               | Wm Morrisons Supermarkets PLC |

*Notes to Editors*

PwC Consulting has been contracted to manage the implementation.

The Association for Payment Clearing Services (APACS) represents the major UK banks and building societies on non-competitive payment-related issues. A major task of APACS is to manage the principal UK payment clearing systems and to maintain and enhance their operational efficiency and continued integrity. APACS is also responsible for developing the clearings and related activities, such as measures to reduce plastic card fraud. In addition, it undertakes strategic studies and forecasting activities for money transmission and the payments market.

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