



THE NORTHAMPTON CHIP AND PIN TRIAL

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**Retail Solutions
3 June 2003**



Why we are here today



- Chip and PIN is happening
- Everyone is talking about it

So...

- Start planning
- Act Now!



Today's agenda



- The Northampton Trial:
 - so far
 - still to come
- The first lessons from the trial
- What retailers need to do now
- How vendors can help
- Conclusions



The Trial: so far



- The Trial started in Northampton in May and has now been running for four weeks
 - 125,000 cards issued
 - 500 shops have switched on chip and PIN
- And 7,500 transactions have been made with chip and PIN technology



The Trial: So far



- Large retailers involved in this early stage are ASDA and Safeway
- Already 30 per cent of chip card transactions in Safeway are chip and PIN
- Retail sectors so far include:
 - Foodservice
 - Mens and womens wear
 - Electronics
 - Leisure
 - Grocery
 - Opticians
 - Motor



The Trial: Still to come



- A total of around 1,000 retailers and 200,000 cards
- Retailers will include 15 more large chains such as Marks & Spencer, Tesco, JD Sports, McDonald's, Texaco Service Stations
- By the end of the trial retail categories will also include:
 - Forecourts,
 - Hospitality (pubs, restaurants, hotels)
 - Pharmacy
- 'Lessons learnt' will be published by the end of August

...and the national rollout follows immediately



The Lessons: So far



- Trial is underway and is going well
- The technology works
- It's a positive experience for the retailers involved
- Customers appear to love it ... when they experience chip and PIN they want more and they want it fast



The retailers' experience



- “As well as the obvious security benefits it offers customers, the new system saves them time and hassle.”

Bryan Wisker, Customer Focus Manager, ASDA store in Corby

- “Our customers seem to be quite comfortable with entering a PIN instead of signing their names and people are certainly keen that it foils the fraudsters.”

Graham Pye, Store Manager of Safeway, Kettering Road



The retailers' experience



- “Because we were caught a couple of times by forgers last year, we thought that anything that improves on either verifying the signature or deterring people using stolen cards will be a benefit to us”

Zsolt Benedek, Blenders

- “We won’t need to spend so much time checking signatures and card numbers”

Rebecca Saunders-Hyde, Vodafone

- “It’s idiot-proof – very easy to use”

Jonathan Williams, Montague Jeffrey



The card issuers' experience



- “We have had excellent feedback from those customers who have so far been involved in our trial activities in Northampton. We are confident that armed with feedback from the trial we will be able to commence a successful rollout later in the year.”

David Cooper, head of risk for Lloyds TSB credit cards

- "The trial will be invaluable in gauging attitudes to this major change impacting all stakeholders within the Card Payments chain and enable us to tailor our approach to national rollout.”

Ian Green, Programme Manager chip and PIN, HSBC



The card issuers' experience



- “We have been delighted with the response from customers taking part in the trial. They are hugely supportive and are finding the new system easy to use. We have identified a few areas where we can make the process for card-holders and retailers even smoother when it comes to the national roll out and are confident the programme is going to be a major success in the fight against fraud.”

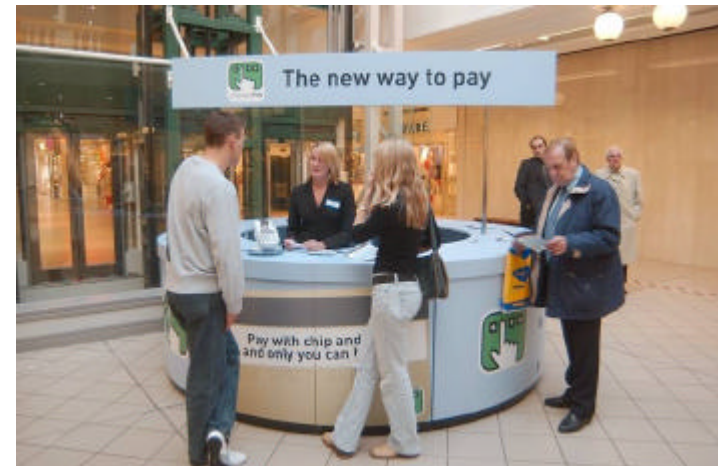
Alison Hutchinson, Barclaycard Marketing Director



And the customer?



- It's clear that they really like it so far....
- There is huge interest and a positive desire to adopt early
- Typically, after the first transaction at checkout, they take to it 'like a duck to water'
- 'Educational' support through advertising, PR and the chip and PIN helpdesk



And the customer?



- “I have used it twice at Safeway since I had it and found it really easy to use. No problems at all and a lot safer”
Safeway customer
- “If it increases security, then its definitely a good idea”
Northampton cardholder
- “I think it’s a great idea because no-one else can impersonate me”
Northampton cardholder
- “Its easy enough to forge someone’s signature but you never know their PIN, so for card fraud I think it’s a good idea”
Northampton cardholder



And the customer?



Consumer research into attitudes to paying by PIN*

- 78 percent of people think that it would be very easy or fairly easy to forge someone's signature
- 70 percent said they believed PINs to be more secure than signatures
- More than half say they would prefer using a PIN
- More than 73 percent said chip and PIN is a good idea

* Research conducted among over 1,300 people across the UK in May



And already there is nationwide interest....



- Heavy media interest
- More than 200 articles or broadcast interviews reaching 130 million readers and viewers
- Successful media day in Northampton
- More planned throughout the trial



So what does that mean for retailers?



- What should retailers around the country learn from Northampton?
- What do retailers around the country need to do to implement chip and PIN successfully?



Lesson 1: Plan ahead!



- Understand the timetable clearly
 - Chip and PIN is here...
 - The technology works...
 - The standards are agreed...

- You need to be ready by 1 January 2005...

ACT NOW!



Lesson 2: The timetable



- The timetable for integrated POS systems
 - Prepare the business case now
 - Talk to your acquirer straight away
 - Understand the operational issues
 - Put a project schedule in place including choosing a vendor
 - Agree the timetable for testing and certification (don't leave it late or you'll be stuck in a queue)
 - Train your staff
 - Prepare your customers

ACT NOW!



Lesson 3: GET ON WITH IT...



- Experience shows it can take up to 12 months to switch over to chip and PIN
- Including:
 - business and project plan
 - choosing a vendor
 - implementing the plan
 - testing
 - certification
 - training
- Although 18 months to go – take into account Christmas and Easter trading

ACT NOW!



Lesson 4: Get help from the experts...



- www.chipandpin.co.uk
- Retailer publications
- Training video
- Your acquirer
- Your vendor
- The Northampton case study

ACT NOW!



How vendors can help



- Understand the standards
- Develop solutions early
- Don't underestimate the timings for testing, approvals and certification
- Register at www.chipandpin.co.uk

ACT NOW!



A REMINDER...



- Card fraud is a huge problem in the UK
 - More than £1million a day
 - A fraud every 8 seconds
 - ...and across all retail sectors

If you are not ready for Chip and PIN transactions...

...from 1 January 2005, the liability for that fraud could be yours

ACT NOW!



IN SUMMARY...



- Chip and PIN is coming...
- The technology works...
- The standards exist...
- Customers want it and like it...
- You have time to make the deadline...
- ...but it means you must...

ACT NOW!





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