

Success on the cards

Credit and debit cards are drawing 'high interest' amid a nationwide migration exercise to take them from a signature-based payment system to one that uses PIN (personal identification number). All is going smoothly with 80% of payments made in April using PIN and Bank Negara has reminded stakeholders that there will be no extension to the July 1 deadline when the old system will cease.

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Reports by ROYCE TAN, RAHIMY RAHIM and AISYAH NABILAH

PIN migration is paying off

Move to new system nearly complete with many lauding it

PETALING JAYA: The massive migration exercise involving almost 25 million credit and debit cards in the country is near complete as the July 1 deadline for the PIN and Pay system looms.

The signature verification method for such cards will officially cease at the turn of the month, with Bank Negara warning that there will be no extension on the six-month grace period.

Credit and debit cardholders will no longer be able to sign for payments at point-of-sale (POS) terminals and must key in an approved six-digit personal identification number (PIN).

Going by the figures, most Malaysians have received the message because 80% of all payments were by PIN in April, compared to 18% in December.

Bank Negara reported that the transition to the new system was going smoothly, with about 7.5 million credit cards replaced to comply with the new system.

As at end of April, 96.1% of POS-active debit cards have been replaced while 99.8% of POS terminals have been upgraded to accept PIN.

POS-active debit cards are those with at least one POS transaction over a six-month period.

The central bank said merchants who did not facilitate PIN transactions would not be able to accept payment cards.

"It is in the merchants' and consumers' interest to replace their POS terminals and cards respectively, and to familiarise themselves with the PIN system to avoid loss of business or suffer inconvenience after July 1."

"In the event cardholders encounter a merchant who does not provide them with the option to enter a PIN or face any problems in relation to the new system, they should report the matter to the card issuer for action to be taken," Bank Negara said.

Cardholders were given a grace period of six months from Jan 1 to migrate to PIN-based cards.

The new system is aimed at improving the security of payment cards.

An analysis by The Association of Banks in Malaysia (ABM) showed that retailers responsible for 10% of the transactions as at the end of April had not used the PIN system.

"Cardholders should insist on



Signatures no more: The PIN & Pay system comes into force on July 1. The 30-day countdown begins.
— AZMAN GHANI/The Star

entering their PIN. If the retailer does not allow it, cardholders should inform their issuing bank and give the retailer's details.

"Additionally, acquiring banks are continuing to reach out to retailers who experience PIN bypass rates that are higher than the industry average each month."

"Retraining and other incentives may also be provided to such merchants to encourage them to allow customers to enter a PIN," said an ABM official.

The official said that for unattended terminals, such as outdoor petrol kiosk terminals, a transaction can only be completed once the customer has keyed in the correct PIN.

On signature debit cards yet to be replaced with PIN-enabled ones, ABM said the common reason was a reluctance to change.

"While these cards can still be used at attended terminals until June 30, they will be declined from July 1," the official said.

Since 2015, Bank Negara has been conducting a series of initiatives to increase public awareness on the implementation of the PIN system.

The central bank also worked closely with the Association of Islamic Banking Institutions in Malaysia and National Cards Group to closely monitor the progress of the migration exercise.

Last year, there were 383.8 mil-

PIN & PAY

DEADLINE: July 1, 2017

- Only six-digit PIN allowed. No more signature verification for card transactions over the counter

PIN & PAY

CREDIT. DEBIT. CHARGE. PREPAID

Facts and Figures (as of April)

100%
of credit cards
replaced

96.1%
POS-active debit cards
replaced

99.8%
POS terminals
upgraded

Keeping your PIN secure

DOs

- Memorise your PIN
- Keep PIN secret
- Notify card issuer immediately if PIN becomes known to someone else
- Cover the number pad when entering PIN
- Ensure supplementary cardholders keep PIN secure

DON'Ts

- Use easy to guess or personal numbers as PIN
- Keep a written record of PIN
- Allow another person to see your PIN
- Disclose the number to any other person (including spouse and family members)
- Lend your card to anyone

lion credit card transactions, amounting to RM118.53bil, compared to 359.6 million transactions with a combined value of RM112.66bil in 2015.

Debit cards saw 107.5 million transactions, amounting to RM22.52bil that year, compared to 90.1 million transactions with a total value of RM19.96bil in 2015.

PIN or paywave? It's the customer's call

PETALING JAYA: Expecting to enter your six-digit personal identification number (PIN) for a transaction using your payment card, but the cashier taps or waves it at the terminal instead?

There have been many instances where merchants, upon getting hold of a customer's credit or debit card, use the "paywave" function without the permission of the cardholder.

A source familiar with payment systems said technically, there was no need for a customer to hand over his or her card to the merchant - be it for PIN or paywave payments.

The cashier can key in the amount first, and this can be followed by the customer slotting in the card for the PIN to be keyed in,

Retailers need to be trained not to request or accept the customer's card.

Association of Banks in Malaysia

or to use the contactless payment method, the source said.

The Association of Banks in Malaysia (ABM) said cardholders should decide whether they wanted to insert their cards or use the contactless facility.

"Retailers need to be trained not to request or accept the customer's card but to offer the PIN pad to the

customer to give them a choice whether to use PIN or the contactless payment method.

"Banks have started this process of education and awareness for cardholders and retailers."

"However, like all exercises involving a change in behaviour, this process takes time," ABM said.

Visa Malaysia country manager Ng Kong Boon said cardholders should be allowed to choose their preferred mode of payment and merchants should honour their request.

"Visa has been working with acquirers and their merchants to encourage merchants to provide training to their staff on payment procedures."

"This is a continuous process and we are consistently undertak-

ing these efforts to ensure that cardholders have a consistent and reliable payment experience," Ng said.

Among the most common contactless payment methods in the country are payWave by Visa and PayPass by Mastercard. They can be used for transactions over the counter of up to RM250.

Cardholders are also advised to keep their PIN a secret so that their cards are protected against lost and stolen card fraud.

ABM said cardholders should avoid numbers that can be associated with them such as birthdays or anniversaries, telephone number or driver's licence number.

To date, there is no report on credit or debit card fraud via the PIN and paywave system.

M'sians warm up to safer system for credit cards

PETALING JAYA: Malaysians are adapting well to the personal identification number (PIN) and pay system, with many lauding it as a more secure method.

Lab researcher Muhammad Taufiq Firdausi Mazlee said the PIN was his preferred payment method.

The 25-year-old ditched the signature verification method as soon as he obtained his PIN-enabled credit card.

"PIN gives me reassurance. My worry is that signatures will be easily copied," he said.

Project executive Shirley Lim, 33, described the migration to the new system as a smart move.

"It is definitely safer. I have not encountered any problems with it so far. I also try to change my PIN every month as an extra level of security," Lim said.

Kumar Karthik, an entrepreneur, said the extra effort of keying in the six-digit PIN was worth it.

"Of course signing is much easier. But how many times do you see a cashier verifying the signature specimen which is behind your card?"

"I have not seen any cashier doing that," he said.

It took housewife Norain Sirun, 62, quite a while to get used to the new system but she likes the level of security it provides.

"Sometimes, I think it takes a longer time compared with signing. Some of my friends also told me that they have problems trying to remember their PIN," she quipped.

Petrol stations and retail outlets ready for new system

PETALING JAYA: Most petrol station operators and many retailers are ready to meet the July 1 deadline for the new personal identification number (PIN) system for card transactions.

Petrol Dealers Association of Malaysia (PDAM) president Datuk Khairul Annuar Abdul Aziz said the majority of its members reported that there were no hiccups implementing the system.

"More than 90% of us have changed to it. There should be no problem for all of us to comply," he said.

He said PDAM would continue to communicate with its members and gather their input.

"Only one or two said they forgot to upgrade their system but have assured me that they would," he said.

There are 3,500 petrol stations nationwide with a workforce totalling 50,000, of which 14,000 are pump attendants.

In March, the Association of Banks in Malaysia said that all outdoor payment terminals at petrol stations had been upgraded to use the PIN system for debit, credit, charge and prepaid cards.

Malaysia Retail Chain Association president Datuk Garry Chua said that none of its members have raised objections over the PIN system, adding that most of them were already using it.