

MEDIA RELEASE

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FOR IMMEDIATE RELEASE

BANKS AND CARD ISSUERS RAISE THE BAR IN ENHANCING PAYMENT CARD SECURITY

Key measures to enhance payment card security will require customers to update their banks and card issuers on their personal particulars and contact information.

Singapore – The Association of Banks in Singapore (ABS) today announced key measures to enhance the security of payment card transactions, giving cardholder customers in Singapore greater security thus further preventing card fraud. This is on top of existing measures whereby banks and card issuers will continue to protect cardholders' interests through robust fraud detection systems to monitor and detect unusual / suspicious card usage.

The four initiatives are:

- (i) Replacing magnetic stripe-only cards with chip cards;
- (ii) Introducing first-usage alert and activation procedures for new / replacement cards;
- (iii) Notifying cardholders each time a transaction is made based on a pre-determined value threshold; and
- (iv) Instituting a one-time password (OTP) for Card Not Present (CNP) transactions.

These measures make Singapore the first Asian country to adopt such a holistic approach to payment card security.

As these measures require increased contact between cardholders and their respective banks and card issuers, ABS reminds cardholders to provide their banks with the updated contact information – including mobile numbers, email and mailing addresses.

Initiative (i) : Migrating to EMV chips

By April 2011, banks and card issuers will replace all current magnetic-stripe only credit, debit and prepaid cards issued in Singapore with cards that contain an EMV chip. At present, magnetic-stripe cards make up about 70% of the entire payment card population.

Magnetic stripe card is an old technology and the data encoded on the magnetic stripe can be easily read and copied with a magnetic stripe card reader/encoder. As such, a magnetic stripe credit card or debit card can be easily cloned. On the other hand, a chip card offers enhanced security and protection against fraud. The microprocessor chip on the card is protected by cryptographic encryption and virtually eliminates the ability to copy the contents of the chip to another card. The chip-based card complies with the MAS standard of data security.

However, cardholders in Singapore should not be concerned that their new chip cards would face any point-of-sale disruption when used in countries where magnetic stripe cards continue to be used. This is because all the chip cards also come with magnetic stripes.

Cardholders are advised to await more details from their banks and card issuers who will be communicating their specific plans for migrating to the chip card.

Initiative (ii) : Introducing first-usage alert and activation procedures for new / replacement cards

From second quarter 2010, banks and card issuers will introduce a range of first-usage alert and activation procedures for new / replacement cards. These range from alerting cardholders the first time the card is used via SMS, email or letter, to issuing cardholders an unactivated card that needs to be activated by the cardholder via the bank's Interactive Voice Response (IVR) system or ATM before the card can be used.

Cardholders are advised to look out for communication from their banks and card issuers on the procedures for activating new / replacement cards.

Initiative (iii) : Notifying customers each time a credit card transaction is made

From second quarter 2010, cardholders will be able to receive a notification alert each time they make a transaction using their credit card. The mode of the alert is SMS and / or email. Cardholders can choose to opt in or opt out of the notification scheme.

Cardholders can also select a preferred value threshold for the alerts. However, if no selection is made, the default value threshold will be determined by the bank.

Cardholders are advised to await further details from their banks.

Initiative (iv) : Instituting a One-Time Password (OTP) for Card Not Present (CNP) transactions

To increase the security of CNP transactions, from June 2010 cardholders who make CNP transactions using their payment cards will need to enter a one-time password

(OTP) before the transaction can be approved. This password will be sent to cardholders either via SMS or hardware token. This measure applies only to ecommerce websites that support the “3-D Secure” authentication protocols such as “Verified By Visa” (VBV), “SecureCode” (MasterCard) or “J/Secure” (JCB).

Cardholders are advised to await further details from their banks.

Says Mrs Ong-Ang Ai Boon, Director, The Association of Banks in Singapore: “Payment card fraud in Singapore is among the lowest in the world. However, this does not mean that banks in Singapore can afford to be complacent. Banks and card issuers are continually investing in technology and processes to enhance the operating environment for payment card users. With these measures, cardholders and retailers can be assured that their transactions are safeguarded, legitimate and securely processed. With these enhancements, consumers have a responsibility to provide their banks and card issuers with the updated contact details if they have not done so.”

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About The Association of Banks in Singapore:

The Association of Banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding among its members and projected a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today, ABS has a membership of 119 local and foreign banks. Further information on ABS is available on the website: www.abs.org.sg