

MEDIA RELEASE

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FOR IMMEDIATE RELEASE

THE ASSOCIATION OF BANKS IN SINGAPORE ANNOUNCES MEASURES TO ENHANCE THE SECURITY OF ATM CASH WITHDRAWALS AND CARD PAYMENT INFRASTRUCTURE

Singapore – The Association of Banks in Singapore (ABS) today announced that its member banks will step up measures to enhance the security of ATM cards and other payment cards.

Since early 2010, ABS and its member banks have been introducing several measures to enhance the security of payment card transactions, giving customers greater assurance in preventing card fraud. These measures were completed under Phase 1 in 2011. (*Press release of 5 March 2010 attached*).

Furthermore, ABS and its member banks have been working over the last two years to introduce various additional measures to further enhance and strengthen the security of payment infrastructure, with the objective of safeguarding customers' monies in accounts at their banks. These include sending out transaction alerts, issuance of deactivated credit and debit cards, transaction signing for online banking transactions and reducing the reliance on and use of magnetic stripes.

“ABS recognises that customers are concerned about the safety of their deposits and accounts. They can be assured that ABS and its members are constantly enhancing and implementing new security measures to address such concerns,” said Mrs Ong-Ang Ai Boon, Director, ABS.

These measures, which fall under Phase 2 of the industry's implementation plan, include:

1) Transaction Signing for Online Banking

In order to further enhance the security of online banking, all member banks will be issuing new online banking tokens with enhanced security features such as “transaction signing” by 31 December 2012. Customers will be progressively receiving the new tokens, which can be used to further enhance the security of their Internet, mobile and phone banking transactions.

2) New / Replacement Debit and Credit Cards

Since the second quarter of 2010, banks and card issuers have begun to introduce first-usage alert and activation procedures for new / replacement debit and credit cards. By 30 June

2012, all newly issued debit and credit cards can only be used after customers have contacted their banks to activate the usage of these cards.

3) Migration of ATM / ATM-linked Debit Cards to EMV Chip

To safeguard ATM / ATM-linked debit cards against fraud, banks will adopt EMV chip technology in ATM / ATM-linked debit cards while retaining the magnetic stripe. This will require infrastructural changes to the current ATM and NETS POS networks and will take time to phase in progressively over the next two years. This will be fully implemented by 2014.

4) Credit Cards

The industry is looking at further strengthening the security of credit cards. Over the last two years, banks have been introducing and migrating credit cards to EMV chip technology. However banks recognise the need for further measures to buttress the security of credit cards. ABS will undertake a survey to ascertain customers' response to the proposals and refine the measures to be taken.

5) Transaction Alerts for Other Banking Transactions

Generally, banks have internal controls and processes to verify funds withdrawals and transfers, including calling their customers to verify larger transactions. Some banks have implemented alerts for transactions involving the movement of funds. ABS is in discussion with banks to set out industry standards.

Given the recent incidents of unauthorised ATM cash withdrawals, banks in Singapore will also adopt a series of additional measures to strengthen security of ATM / ATM-linked debit cards:

- a) By 30 June 2012, all banks will send out transaction alerts via SMS for local and overseas ATM cash withdrawals. This means that customers will receive a real-time SMS alert when cash withdrawals above a standard threshold are made from their account. Customers will, however, be given the option to customise this alert threshold amount. A few banks have already introduced such measures.
- b) By 30 June 2012, all banks will confine the usage of ATM / ATM-linked Debit cards only to Singapore and disallow overseas use, unless otherwise instructed by customers. As such, the default setting for all new and existing ATM / ATM-linked Debit cards will be for "Singapore only" use and customers will have to inform their respective banks to activate their ATM /

ATM-linked Debit cards for use anywhere outside Singapore. However, individual banks can exempt specific customer segments from this measure based on criteria such as withdrawal patterns and frequency of travel. The exempted customers are also given the choice of deactivating overseas usage.

In addition to these measures, ABS in collaboration with MoneySENSE, will embark on a new series of **Consumer Education Programmes** to educate members of the public on the vital role they can play in enhancing the security of card usage and banking transactions.

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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 142 local and foreign banks. Further information on ABS is available on the website: www.abs.org.sg.