

Backgrounder



From 4 June 2008, most credit and debit cardholders will have the choice to use a Personal Identification Number (PIN) to authorise transactions when using these cards in person.

Who is involved?

The introduction of PIN on these cards follows an industry-wide collaboration involving all Australian financial institutions and card schemes (Visa, MasterCard, Diners Club and American Express).

Key benefits of the project

The project was initiated in late 2006, and has involved widespread consultation with retailers, merchants and service providers as well as every major Australian bank, financial institution and card scheme.

Benefits include:

- Simplification of the transaction process, making it quicker and easier for cardholders and merchants.
- It also brings Australian systems more into line with other overseas markets where PIN is already accepted to authorise credit and debit card transactions.
- Unlike some overseas markets however, using PIN to authorise credit and debit card transactions will not be mandatory. Cardholders will still have the choice to sign to authorise transactions should they wish to do so, instead of entering a PIN.

Credit and debit card use in Australia - key facts and figures:

Personal card use

- There are approximately 22.9 million credit / multifunction cards and 21.5 million debit cards in Australia.¹
- In comparison with other world markets, Australia has a relatively high card use per capita.²
- On average, each Australian has 2.11 cards and uses them 5.4 times per week.³

In 2007:

- More than 118 million credit and debit card transactions took place per month in Australia.¹
- Every month, purchases worth approximately \$17.4 billion were made on credit and debit cards. ¹ From 4 June 2008, many of these purchases can be authorised with PIN.

Retailers and service providers:

- Currently there are over 600,000 point of sale terminals in Australia¹; many of these will be able to process PIN authorisations from the 4 June 2008.

For more information regarding this initiative, please contact:

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Additional information is also available at www.penorpin.com.au

¹ Source: Australian Payments Clearing Association, *Payment Statistics*, viewed 4 April 2008, <<http://www.apca.com.au>>

² Source: Reserve Bank of Australia, *Payments System Board Annual Report 2007*, viewed 15 April 2008 <<http://www.rba.gov.au>>

³ Source: Citigroup Pty Ltd (2007). *Citibank Payment Evolution Report*.