The Initiatives Group

PIN@POS:
Australian Case Study

By RFi Consulting Pty Ltd

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Note: RFi Consulting Pty Ltd changed its name to The Initiatives Group Pty Ltd in December 2016

PIN@POS: Australian Case Study

Executive Summary

This document provides a case study of the removal of signature as a form of cardholder verification from payment cards with a chip issued in Australia under the Schemes of American Express, Diners Club International, MasterCard and Visa when used at Australian physical point of sale (POS) terminals: this change is often referred to as "PIN@POS" and/or "Chip & PIN". The initiative ran from early 2012 and culminated in a short transition period, commencing on 1 August 2014, during which PIN@POS was "imposed" upon the holders of Australian chip cards.

The move to PIN@POS in Australia has been quoted by the Schemes as the most successful of any transition in the payment space seen so far worldwide, with minimal disruption to both cardholders and merchants. Indeed the programme appears to have changed the behaviour of around eight million Australian cardholders without them really noticing – considering that at the beginning of 2012 only about half of Australian MasterCard and Visa cardholders were using a PIN at point of sale, the lack of "pain" has been remarkable.

The intention of this document therefore is to -

- Provide an account of what happened during the programme in Australia
- Provide a template for industry coordination for a future implementation of another industry-wide change in Australia
- Provide a template for PIN@POS in other countries for the schemes and international issuers

The report covers how the initiative started and how it was managed, the approach and timeline involved, the clearance required by the competition regulator, and the communications messages and methods used. We have provided as much factual information as confidentiality would permit and many examples of the in-market communications that were utilised.

The authors would like to thank all members of the Steering Committee of the Industry Security Initiative for their time and support throughout the programme, and for their evangelism within their own organisations in gaining recognition from senior management through to branch staff of what was necessary "to make PIN@POS happen".

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Introduction

This document provides a case study of the removal of signature as a form of cardholder verification from chip cards in Australia issued under the Schemes of American Express, Diners Club International, MasterCard and Visa when used at Australian physical point of sale (POS) terminals: this change is often referred to as "PIN@POS" and/or "Chip & PIN". The initiative ran from early 2012 and culminated in a short transition period, commencing on 1 August 2014, during which PIN@POS was "imposed" upon the holders of Australian chip cards.

The programme was managed by RFi Consulting, the authors of this report, and was guided by the Steering Committee for the Industry Security Initiative (ISI).

Key objectives of the ISI for the "forced" transition to using PIN at POS included:

- It be as painless and seamless as possible for cardholders and merchants;
- It cause the least amount of disruption as possible at point of sale, and minimal (if any) reduction in card payment volumes for the Schemes and the individual card issuers;
- It be achieved with modest expenditure by each industry participant.

With the move to PIN@POS now complete (as of the end of 2014), industry participants have declared the programme a significant success, and the international payment Schemes have professed the transition to be the best seen to date in any country. The objectives having been successfully achieved, the Steering Committee requested that a case study be written in order to record:

- The strategies and activities that were deployed during the programme
- The processes by which the various players were aligned in order to provide a consistent industry-wide outcome
- The communications programme, covering
    - Industry participants not on the Steering Committee
    - Cardholders
    - Merchants
    - Other stakeholders (e.g., regulators, special interest groups, etc.)

The aim of the document is to provide guidance both to the Australian industry on how it might address other common, industry-wide programmes in the future, and to payment card industries in other countries that may be embarking on their own PIN@POS initiatives.

Genesis

By early 2012, both Visa and MasterCard had issued security mandates regarding payment cards and card transactions, with each Scheme's requirements differing in detail and timing. During discussions at an industry event, many financial institutions individually commented to Visa and to MasterCard that security mandates around card payments would be more effective if coordinated. For example, it was particularly important for cardholders to have a consistent and ubiquitous payment experience across all card types across all merchants.

In July 2012, a group of representatives from twelve card-related businesses came together and agreed to establish an Industry Security Initiative (ISI) and to appoint RFi Consulting[1] as its Project Management Office (PMO). The twelve businesses were two international card Schemes (MasterCard and Visa), the four major Australian banks (ANZ Bank, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation), and six smaller financial institutions (Bankwest, Citibank, Cuscal, GE Capital, HSBC Australia and Indue).

It was agreed that each of the financial institutions would appoint one representative to a Steering Committee, which would be responsible for directing the activities of the ISI and making recommendations to MasterCard and Visa. The Steering Committee was to meet every six weeks to monitor progress, to discuss issues/topics raised by the PMO and to develop recommendations.

The PMO was led by Lance Blockley, Managing Director of RFi Consulting, and was structured into three workstreams:

- Card Present technical working group (focussed on PIN@POS);
- Card Not Present technical working group (focussed on 3D Secure);
- Communications working group.

Each workstream was led by a member of the RFi Consulting team and had its own sub-committee made up of the same twelve companies involved in the overall ISI.

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[1] The team at RFi Consulting were at that time operating as the Asia-Pacific division of Edgar, Dunn & Company (EDC), moving from EDC to RFi Consulting early in 2013.

Establishment

The original mission of the ISI was to strengthen the security of the payment card Schemes of both MasterCard and Visa:

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Mission of the Industry Security Initiative

To increase the security of, and level of trust in, the credit and debit card systems of the international payment schemes in Australia, for the benefit of all market participants -

- Cardholders
- Merchants
- Financial Institutions
- the payment schemes

such that the incidence and cost of fraud reduces

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The ISI was originally focussed on two initiatives:

1. The removal of signature as a form of cardholder verification from chip cards issued in Australia when used at Australian POS terminals: this change is often referred to as "PIN@POS" and/or "Chip & PIN".
2. The use of two factor authentication (referred to as 3D Secure by the Schemes) across all card payments made at Australian online merchant websites.

The second initiative was dropped in April 2013 following discussions with the Australian Competition and Consumer Commission (ACCC), as described later in this document, such that the ISI then became wholly focussed on the implementation of PIN@POS.

Following the appointment of the PMO, Lance Blockley held one-on-one meetings with each of the 12 representatives on the Steering Committee, in order to probe and gain input on the following topics:

- Overall thoughts on, and expectations of, the programme
- Expectations of the role of the PMO
- Who should be driving the programme?
- On whose behalf is the programme being run?
- Sub-committee structure and activities
- Decision-making process to agree industry recommendations
- Input on PIN@POS initiative
- Input on 3DSecure initiative

- Input on marketplace Communications
- Other issues/topics

The findings from these interviews were collated and then provided in a "feedback presentation" during a Steering Committee meeting in August 2012. The key findings were –

- High degree of alignment in members' overall thoughts on the programme
  - The industry is very supportive of the Schemes being aligned on their requirements and moving "in tandem"
  - Good that the industry and Schemes are working together – and it seems to be going well
  - Need to address public perceptions of "insecurity", even if fraud is lower in Australia than elsewhere
  - The ISI is the best way to deliver a good and consistent customer experience, as we have made things confusing, with different procedures and requirements for different cards
- Expectations of the programme relate to the industry moving in unison and delivering more secure payments
  - Agree and deliver a roadmap that will drive down fraud and improve customer perceptions, including –
    - Consistency
    - Education
    - More security for all parties
    - Strengthen levels of "trust" in the payments system
    - Keep Schemes and payment cards relevant
    - Everyone gets to the "finish line" at the same time
    - Reduced fraud
  - In addition, everyone's "voice" gets heard in the development of the programme (even if then overridden)
- Expectations of PMO's role centre around a focussed resource that is independent and balanced
  - Project manager who has the time and resources to focus on delivering the outcome – "keep things moving"
  - Independence and balance across all parties

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- o Bring up issues / questions / nuances that might be missed

- o Can offer experience in, and knowledge of, the industry

- o Can bring "strawman" options to the table

- o Get everyone's views out onto the table

- o "Negotiate" agreement and overcome hurdles

- o Provide a "quality" review

- o Provide the consumer view

- PIN@POS: Good alignment on changes at both Terminal and Issuer Host, but transitioned over a period of time, not on a single day

- Activity needs to commence as soon as possible to raise voluntary PIN usage between now and 2014

    - o Consensus on the need for early and consistent communications to cardholders and the market

It was clear that all parties on the Steering Committee had the same objectives in mind, but all were starting from different positions, for example: different levels of PIN usage across their cardholders; different card technologies (online or offline PIN); different POS terminal configurations; different approaches to 3D Secure; different IT systems; etc.

Following the Steering Committee meeting in August 2012, Lance Blockley met with the Regulators, Associations and other industry players and stakeholders, in order to inform them of the ISI and to gain any feedback/input offered. By the end of September 2012, most parties involved in open-loop card payments in Australia were aware that an initiative was underway to implement PIN@POS and 3D Secure on MasterCard and Visa cards, through co-ordinated mandates that would be published by the two Schemes in due course.

Governance

Focus

From the outset of the programme, the focus of both the PMO and members of the Steering Committee was more on outcomes and less about process. A pragmatic approach was taken to solving issues as they arose, but always keeping the cardholder in mind.

Roles

There was no Chairman of the Steering Committee, but rather the meetings were led/directed/facilitated by the PMO (usually Lance Blockley); such that all Steering Committee representatives had an equal "voice" around the table, and no one institution or Scheme was in a position (either perceived or real) to hold sway. All Steering Committee representatives were free to provide agenda items to the PMO prior to each meeting, and also had the opportunity to raise issues in the "Any Other Business" section at the end of each meeting.

Part of the PMO's facilitation of each meeting was to ensure that the views of all Steering Committee representatives were canvassed, including (as/if appropriate) "going around the table" soliciting comments from each of the twelve members in order to highlight any disagreements and/or full unanimity.

It was the responsibility of the PMO to put options or alternative courses of action in front of the Steering Committee, and to provide a recommendation or view on the preferred option. The Steering Committee and PMO would then discuss the topic, and the pros and cons of the alternatives, with the aim of the Steering Committee coming to a final determination.

Meetings

Steering Committee meetings were held every six weeks during the lifetime of the programme (July 2012 to October 2014). It was the responsibility of the PMO to ensure that no matters of competitive sensitivity were raised or discussed, with the facilitator stepping in to stop any discussions that appeared to be moving near this territory. The proceedings of each meeting were recorded in minutes taken contemporaneously by the PMO, written up and circulated to Steering Committee members for comment and edit.

Voting

Because the formal implementation of both PIN@POS and 3D Secure were to be accomplished by security mandates published by MasterCard and Visa, the Steering Committee members from the financial institutions were making "recommendations" to the Schemes rather than making decisions. It was assumed that the Schemes would then adopt the recommendations with minor alteration, although it was accepted that there might be minor differences due to the fact that each Scheme would be subject to its own mandate approval process, potentially through their respective Head Offices in the USA.

Given that an aim of the ISI was for the industry to act in unison and make security changes together, in order to provide a consistent and ubiquitous experience for cardholders and merchants, it was necessary that even "dissenters" agreed to abide by the recommendations of the Steering Committee. Hence a voting mechanism was required. It was therefore decided that, when "voting" on recommendations, the following would occur:

- The Schemes should not vote (as they would have the 'final say' anyway in their mandates)
- Recommendations would be "passed", and dissenters "pulled along", if –
    - At least three out the four major banks were in favour of the recommendation,
    and
    - At least seven out of the ten financial institutions were in favour of the recommendation.

This balance ensured that the Big 4 could not overrule the six smaller institutions on the Committee, given that at least three of them needed to agree with the recommendations.

Approach

As noted above, there was good alignment from the beginning amongst the Steering Committee members on the PIN@POS changes at both Terminal and Issuer Host, with changes to be transitioned over a period of time[2], not on a single day. At the Steering Committee in August 2012, the key elements of the approach were agreed and were subsequently enacted/implemented by the PMO/industry, including:

- The first changes should be to the POS Terminal screen messaging to the consumer, otherwise people will be misled by the screen prompts (hitting "OK" to a prompt of "PIN or OK" would lead to a rejected transaction after the issuer host change)
    - Chip cards with country code 36 (for Australia) should generate an "ENTER PIN" message, and not "PIN or OK";
    - Other cards (cards excluded from the mandate such as magstripe only cards, certain prepaid cards, cards issued overseas) should be dealt with as at present.
- Terminal changes could not occur simultaneously across the national fleet and would take a period of time (maybe three months). This transition period was necessary as many of the terminals required a physical upgrade and a visit from a technician, preventing all changes from being made on the same day. Additionally, even terminals that could be remotely updated with a software push would need to be staggered, in order to avoid undue strain on the POS terminals management and communications systems.
    - This appears to be what actually happened in the UK, with changes commencing on February 14 with the slogan "I ♥ PIN", but continuing on for some time thereafter.
    - This, in some ways, was like the roll out of Digital TV in Australia where the set top boxes were deployed and set up over a transition period of many months.
- Once the Terminal change period finished, then an Issuer Host change would be made to act as a 'back-stop' against any rogue terminals, unchanged terminals, etc.
- Consumers would need to be armed with their PIN on Day 1 of the Terminal change period to avoid problems at the point of sale.

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[2] As had been the case in the moves to Chip & PIN in both Canada and the UK.
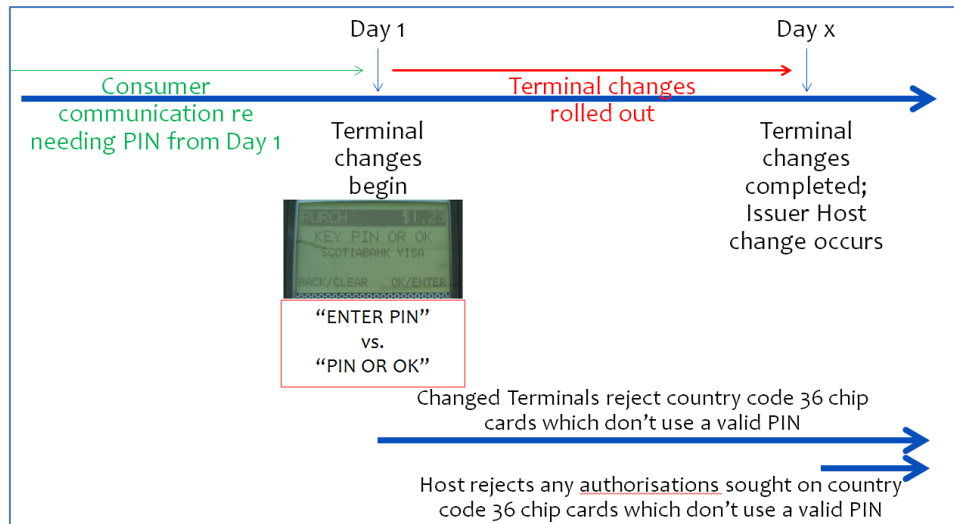
- Activity needed to commence as soon as possible to raise voluntary PIN usage before the transition period in 2014:
  - The current level of PIN@POS usage was unclear as of August 2012 for Scheme debit and credit cards across Australia:
    - Visa & MasterCard had off-us numbers; acquirers had on-us numbers
    - The guestimate in August 2012 was 45% PIN usage
    - The PMO was tasked to collect data in order to create a "Readiness Dashboard" including usage of PIN at the point of sale by cardholder and other metrics

    Fortunately, in Australia there was already strong market familiarity with PIN entry at POS through their mandatory use in the local debit network (EPAL) for cheque and savings accounts, which was anticipated to allow for a quicker and simpler transition to the use of PIN for Scheme Debit and Credit once mandatory PIN was enforced.

  - All Steering Committee members agreed that PIN usage would need to be 80+% by the mandate date in order to increase the chances of a successful, low/no impact transition
    - As there was a need to minimise the number of cardholders negatively impacted, campaigns for behaviour change needed to begin immediately
    - There was a need to start activities as soon as possible to achieve this, both on the part of individual issuers and across the market broadly
    - The level of PIN usage at key milestones along the project timeline had potential to impact the mandate date
- There was overall agreement on the need for early and consistent communications to cardholders and the market:
  - This programme will take a standardised POS experience and make it "complex"; the communications will need to provide a "clear & clean message"

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- It will be especially important to differentiate between processes for Contact and Contactless card transactions
  o Market communications should be branded by the Schemes, rather than by the banks
  o Standardised format and verbiage should be provided to the banks so they can add their own branding and use with their own cardholders and merchants
  o The programme will need a website, with 'click through' links to all issuing banks
  o Consumer messaging should not rely on scare tactics, but should rather be supportive (e.g., "We need to stay one step ahead of the crooks"[3])

Technical Issues

Throughout the life of the programme, the Steering Committee and the PMO encountered, and subsequently overcame, several technical issues related to the implementation of mandatory PIN at the point of sale. These issues included :

- Online versus Offline PIN
- CVM list on cards
- Terminal upgrades
- Terminal response codes
- Issuer host changes
- Technical fall back

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[3] The final campaign in July 2014 moved to using "scare tactics" with the messaging of NO PIN, NO PAY.
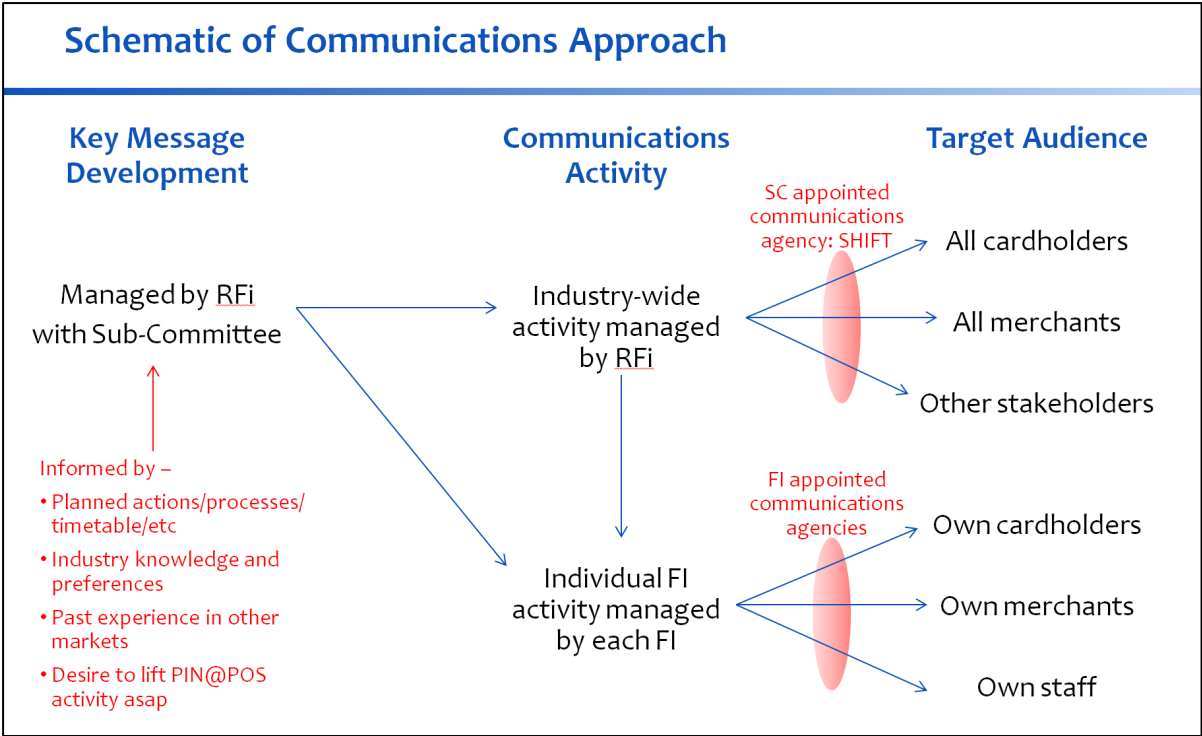
Communications Programme

The Communications Programme was the largest component of the endeavour in terms of expenditure by the PMO, and, some might argue, the most important activity in helping to change the behaviour of Australian consumers and merchants. The process of the selection of a communications agency was managed by the PMO, with the STW Group emerging as the preferred provider. The STW Group was able to bring a cross functional skillset to bear through its various specialist agencies including:

- Shift – overall campaign management, creative and advertising agency
- Bohemia – media buying
- Fusion – website development & hosting, and online activity
- Origin – PR and spokespeople
- AMR – market research
- Tribe – merchant/point-of-sale promotions.

The PMO continued to provide much of the strategic planning and input around the communications effort, while the STW Group companies focussed on the generation of the creative and the execution of the campaigns.

Above and Below the Line Communications

It was decided by the Steering Committee that the programme should incorporate aspects of both Above the Line (ATL) to the broader market and Below the Line (BTL) communications to consumers through the banks' own channels. A communications fund was raised, which was to be used to fund the creative, market research and ATL activities. Each issuing entity would be responsible for funding their own BTL activities. Output from the communications programme would be provided and available to all financial institutions in the form of issuing and acquiring "toolkits" that contained consistent messages, logos, graphics, and other devices, which could then be individually branded and used in each bank's own collateral. ATL funding was put toward a variety of activities aimed at the general public (specifically consumers and merchants), including: TV, radio, print, outdoor, and online advertising; public relations coverage, including sponsorship for a spokesperson; media placement; the PINWise website; development of toolkits and point of sale material; and other activities described below.

Schematic of Communications Approach

Key Message Development	Communications Activity	Target Audience

Managed by RFi with Sub-Committee → **Industry-wide activity managed by RFi**

SC appointed communications agency: SHIFT
- All cardholders
- All merchants
- Other stakeholders

Informed by –
- Planned actions/processes/timetable/etc
- Industry knowledge and preferences
- Past experience in other markets
- Desire to lift PIN@POS activity asap

Individual FI activity managed by each FI

FI appointed communications agencies
- Own cardholders
- Own merchants
- Own staff

Which is Mightier, the Carrot or the Stick?

The communications strategy was divided into two phases: the "Carrot" and the "Stick". The Carrot phase, occurring before the announcement of the actual change to mandatory PIN (in January 2014), sought to encourage increased voluntary usage of PIN at the point of sale as being "a wise" or "the right" thing to do. PINWise became the central theme of the entire programme, emphasising the wisdom of using a PIN to protect your financial information, rather than invoking feelings of security, fraud, and risk.

Be ✱PINWISE

The marketing messages had to be carefully crafted so as not to detract from the safety of the card system currently in place. Communications messages could not focus on the insecurity of signatures, because even after the change overseas visitors to Australia would still be allowed to sign and when traveling overseas Australians would sometimes need to sign for purchases. In addition, a very small number of cardholders would still need to sign in certain circumstances within Australia as well. Similarly, there would still be some magstripe-only cards in market after the implementation of the PIN mandate, and customers needed to remain confident in the security of these older cards. Due to the popularity of contactless card transactions in Australia, the communications could not state that "all transactions will require a PIN", as contactless transactions under $100 do not. Rather

than instituting mandatory PIN, a central theme was therefore "the elimination of signatures" — you must PIN where you would previously have signed.

The Carrot phase commenced in mid-2013 with some limited, direct communication to cardholders by the banks, but was delayed by the ACCC authorisation process. Once ACCC interim authorisation was received in September 2013, these direct BTL communications expanded and were supplemented by both active PR and ATL advertising online and in the weekend magazine sections of the capital city newspapers featuring penguins.

Although after the date announcement, a significant campaign of the "Carrot" phase was a "PIN2WIN" promotional campaign held at all of the Woolworths group of retailers, in which customers who entered a PIN on a card transaction over $100 would be eligible for a prize draw to win $1,000 per day; the campaign ran for 70 days.

The "Stick" phase of the campaign turned its attention to the approaching date of conversion, 1 August 2014. Because all of the terminals were not being updated on the same day, the campaign spoke of a short transition period during which "you may be required to enter a PIN." The date of the issuer host change was not mentioned, in order to minimise the problem of people waiting until the absolute last day to ensure they have a valid PIN.

A national television advertising campaign was run for a two week period at the end of April 2014 based on the phrase "Ditch your pen for a PIN". The campaign was run at fairly heavy weightings and on popular television shows, and pushed the need to make the change to PIN by 1 August 2014.
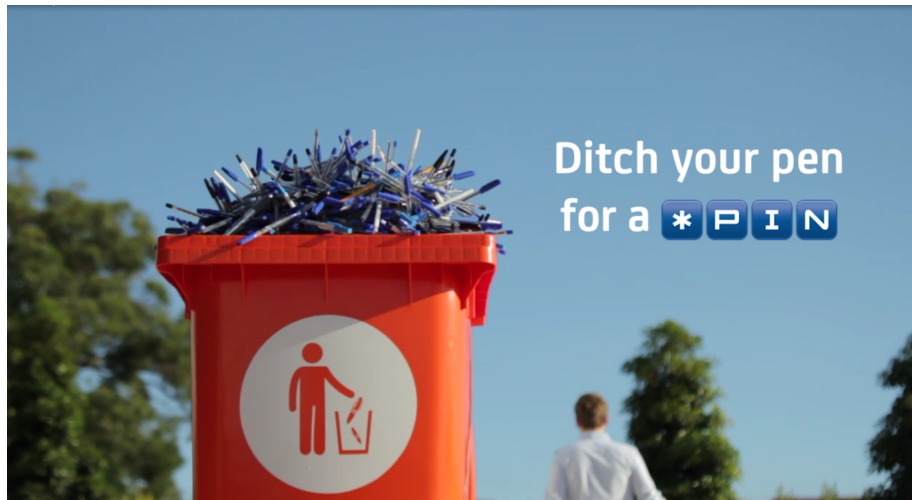
The television advertising was supported by the provision and use of posters, shelf wobblers, tent cards and similar devices. These were provided for download by Financial Institutions and merchants via the pinwise.com.au website, and were meant for use in-branch and in-store.
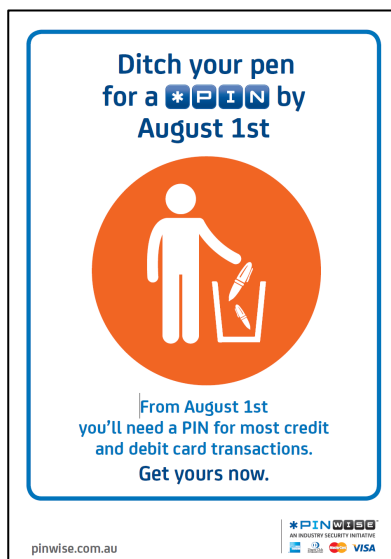
Poster
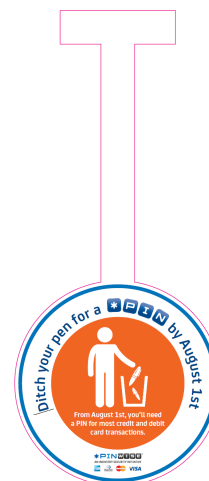
Shelf Wobbler

As the 1 August date approached, the Steering Committee decided that a final and urgent call to action was required to push "recalcitrant" cardholders into PIN usage. This culminated in a "NO PIN, NO PAY" imperative in the last week of July, with a seven day countdown series of advertisements appearing in all capital city newspapers. This campaign proved very effective at lifting PIN usage figures by over 10% of all cardholders between the average level seen in July and that seen in the first week of August (with over 94% usage during that week) – proving that "scare campaigns" do work.

Indeed the final week of July 2014 saw an enormous amount of media attention focussed on PIN@POS, with daily mention in the press, radio and television channels. In addition, to further raise consumer awareness, some banks contacted specific customers directly (those identified through transaction data as not using their PIN) to ensure they had and knew their PIN, and to advise them of the impact of not having a PIN post 1 August 2014.

A final set of press releases was made in early October 2014 informing the public and merchants that the "transition period" to PIN was soon "coming to an end". This was in advance of the issuer host change due on 18 October 2014. By this stage of the campaign, people in the media were "over" PIN, and not many media outlets picked up on these press releases. Indeed the vast majority of cardholders had already made the move to PIN, and the issuer host change (once feared as something that would block up the checkout) was made with very few transactions having to be rejected by issuers.

During the course of the public communications campaign, special efforts were made to address non-native speakers of English, primarily by the inclusion of advertising and PR in foreign language print publications.

PINWise Website

Throughout the campaign, an important part of the "always on" component of the marketing programme was the PINWise website: www.pinwise.com.au. The website had two sections, one

aimed at consumers and one at merchants, which acted as the definitive reference point for the programme. The site contained direct links to the PIN specific pages at each of the websites for a large number of financial institutions. Customers could enter the name of their card provider (through a dynamic lookup field) and be directed to the relevant issuer's page for information.

In addition, an exhaustive list of Frequently Asked Questions (FAQs) and answers was provided for both consumers and, separately, for merchants. Merchants could refer to the merchant-specific page to find links to their acquiring bank with more information about the programme.

As with the other pieces of the communications campaign, the website went through "Carrot" and "Stick" phases. The messaging in 2013 did not include a definitive date for the switch to PIN, but encouraged cardholders to get and use a PIN as signature would "eventually" be phased out as a means of authorisation. The "Carrot" advertising using the penguins also featured on the website. When the August 1 date was publicly announced on 22 January 2014, the website messaging moved into "Stick" phase – with all of its content altered to reflect that signature was definitely being removed as of 1 August 2014.

Similarly the FAQs were constantly reviewed and revised to cover any new or emerging issues / topics that had been raised by consumers, merchants and financial institutions.

A final revision of the website messaging occurred in early August 2014, in order to reflect the fact that the new PIN mandate was in effect. A decision was made by the Steering Committee to keep the pinwise.com.au website active through to 30 June 2015, in order to continue to provide help and assistance to any cardholders or merchants experiencing difficulties. However, we noted that the website traffic in September/October 2014 began to skew to overseas viewers, particularly from the USA, presumably due to the move to chip and/or PIN in other countries.

The traffic visiting the website was monitored throughout the duration of the campaign.

Issuer and Acquirer Toolkits

Issuer and acquirer toolkits were made available to all financial institutions in Australia (developed March-May 2013 and released around June 2013), in order to help ensure consistent messaging targeting both consumers and merchants, and to encourage individual financial institutions to invest in their own BTL marketing to their own customers. The toolkits contained images, logos, text, font guidelines, image guidelines, flyers, and other point of sale materials that were easily customised with any financial institution's own logos.

The toolkits were revised a number of times during the course of the campaign, to reflect changes and new graphics/advertising.

Additionally, materials were provided to acquirers to distribute to their merchant base, in order to further educate merchant staff and customers. As the hospitality industry was a key area of focus (due to the use of a pen for tipping as well as signing), bill fold inserts were provided that could be placed in the bill carriers with which diners were presented at the table, informing them that signatures would no longer be accepted as of 1 August 2014. Other point of sale materials included POS terminal wobblers and tent cards for display.

Sample Bill Fold insert

Industry Spokespeople

From the outset of the programme, an important guiding principle for selecting spokespeople to represent the initiative to the public was that they be "consumer friendly" and approachable, and relate to the "everyday Australian" and their day-to-day financial decisions. With her commitment to helping Australians manage their finances through her website "The Money Mentor Way" and strong public profile through her (previous) "Money Matters" column in the Fairfax press, Nicole Pedersen-McKinnon nicely met the requirements for an industry spokesperson to address consumers. The communications campaign supported Nicole in appearances on radio and television news programmes and in newspaper and magazine articles during the "Carrot" phase, encouraging Australians to make the wise choice and switch to PIN. Nicole was again utilised toward the end of the campaign during the "Stick" phase, when she appeared on television broadcasts to express her "worry" that as many as two million Australians would be stranded at the checkout after the elimination of signature. Nicole was able to strike a balance between appearing as an authoritative figure in Australian payments, while still relating to the Australian public.

Equally as important as communicating to consumers was the imperative to communicate with merchants. The 1.2 million people employed in the retail sector represented the "last mile" in terms of communicating with the customers about the new process for card transactions (standing by the POS terminal at "the moment of truth"), and as such the Steering Committee wished to ensure a strong and efficient education campaign was deployed for retailers. To address the merchant community, the Steering Committee approached Russell Zimmerman, President of the Australian Retailers' Association. Russell acted not only as an industry spokesperson through his appearances on television, radio and in print, he was also able to insert "advertorials" into the ARA Retailer magazine, their bi-monthly publication for their members (with assistance from the Origin PR agency in developing the pieces). Russell was seen as an authoritative spokesperson by both merchants and the general media, helping to spread the message that PIN@POS was an important and beneficial initiative for merchants as well as consumers.

Addressing Special Interest Groups

From the early days of the initiative, it was recognised that special interest groups existed for whom PIN usage might be difficult. Legal advice on the topic was sought, and then Lance Blockley met with Graeme Innes, the Disability Discrimination Commissioner at the Australian Human Rights Commission, in October 2012. It was felt that the removal of signature and going to 100% PIN would adversely affect only a small number of people with disabilities, and the risk of a complaint was very low. Nonetheless, it was clear that organisations representing the elderly, handicapped, and other disadvantaged groups required additional communications and attention in order to help their members.

The ACCC process (described in a following section) led to a requirement for at least three or four financial institutions to issue signature preferred cards (on which signature was still a valid method of cardholder verification) to applicants meeting relevant criteria.

There was no broad-based consumer campaign to publicise signature preferred cards, but rather, the issuers on the Steering Committee informed the special interest groups of the upcoming change, and suggested that they inform their own members of the availability of a signature preferred option. The PMO and Origin PR directly engaged with a number of special interest groups, including Alzheimer's Australia, the Macular Degeneration Foundation, Vision Australia, and others to educate them on the upcoming changes, and inform them of options for their constituent members. As a result of this targeted approach, it was estimated in November 2014 that about 2,500 signature preferred cards had been issued in Australia.

The intention of those issuing signature preferred cards was to fully meet the special needs of disadvantaged groups, without inviting a mass of applicants seeking the cards for the sake of convenience.

Communicating to the Wider Industry

Although the Steering Committee members represented organisations that together comprised the vast majority of the cards on issue under the schemes involved in the ISI, there were many other smaller issuers and other stakeholders in the cards and payments industry that were not privy to the discussions at Steering Committee meetings, but who needed to know "what was going on". In order to achieve this, the PMO emailed out a newsletter following each Steering Committee meeting, keeping people apprised of how the initiative was progressing, what PIN measurements were being achieved, timetables, planned activities, etc.

By the end of the programme, the list of email addresses had grown to number over 250, and included card issuers, card acquirers, POS terminal manufacturers, major merchants, regulators, industry bodies, network/infrastructure operators, a wider audience within Steering Committee organisations, and others.

The PMO gained strong and positive feedback on the regular newsletter, and it was a useful tool through which to disseminate information widely across the industry.

Measurement

To assess the starting point and to monitor progress towards the end-game, it was important to measure actual PIN usage by cardholders leading up to the mandate, as well as the rollout of terminal changes during the transition period as the issuer host change date approached. Over the two and a half year life of the programme, the PMO collected PIN usage statistics from the issuing banks on the Steering Committee, based on individual cardholder behaviour. Because it was important for the initiative to understand the number of people who were using their PINs (rather than the total number of PIN transactions, where multiple transactions could have been effected by the same person using a PIN), information collected from the issuing banks was at the individual cardholder (or, for some, accountholder) level.

While the initial "wish-list" of datapoints sought from each of the Steering Committee organisations was quite extensive, a valuable lesson learned was "keep it simple." In order to meaningfully compare data across 11 issuing institutions, the data request had to be defined very carefully. The metrics that were tracked included:

- Number of (unique) cardholders who had used a PIN at POS at least once during the previous month
- Separately reported for scheme debit, consumer credit, and commercial cards
- Excluding contactless (under $100), unattended, overseas, online, and small ticket transactions (basically only including transactions where customers had an option to sign)

PIN usage (at least once per month) on the combined MasterCard and Visa credit and debit card portfolio of the Steering Committee members was grown from just under 60% in August 2012 to about 83% in July 2014, and then moved to mid-90% following the mandate on 1 August 2014.

PIN usage on commercial cards badly lagged the consumer portfolios at the beginning of 2014. One aspect of this had been the desire by corporates to avoid ATM access for these cards, and this was achieved by not providing a PIN. Although the low PIN usage was a concern, it was understood that the larger corporate users of commercial cards had "Card Administrators" in place, who could assist in moving large numbers of commercial cardholders to PIN "by decree". Indeed, commercial cards did grow significantly in PIN usage, with a 25%+ increase in only just a few months (as opposed to the slow 1-2% per month increase seen in consumer cards, over a much longer period of time).

PIN usage at merchants within certain categories that were deemed "high risk" (e.g., restaurants, taxis) was also tracked. This information was not available at the cardholder level, and so was tracked at the overall transaction level, as a proxy for cardholder behaviour. Specifically, the PMO tracked usage at fine dining and fast food restaurants (due to the pay at table devices) and taxis (due to mobile card acceptance devices).

Finally, for the transition period between the start of the terminal upgrades (1 August 2014) and the issuer host change (18 October 2014), the PMO tracked the number of terminals that would be upgraded (both screen messaging only, as well as full PIN bypass), in order to determine market

readiness from an acceptance point of view. This was commenced in about March/April 2014 based on the forecasts of terminal owners, and then both actual and forecast changes were tracked post 1 August 2014.

Consumer Research

Market research was conducted with consumers a number of times during the course of the initiative, as follows –

September 2012   Shift conducted some preliminary research (via their research partner AMR) on cardholder perceptions of payment security and PIN in support of their submission to the communications RFP issued by the PMO.

February 2013 [4]   Online survey (national survey among credit card or debit cardholders aged 25 years or older), to: determine the incidence of signing, pinning and mixed usage in authorising transactions for relevant transactions; understand the relative impact of context factors inhibiting conversion to pinning for relevant transactions (these could include, but not limited to, purchase, persona, attitudinal and service engagement characteristics); and determine level of awareness of the phasing out of signing and related communication activity from industry and other sources.

     and

     Eight focus group discussions, probing existing card behaviour, attitudes to signature and PIN, and reaction to communications campaign ideas.

May 2014 [5]   Online survey (national survey among credit card or debit cardholders aged 25 years or older), to: track incidence of signing, pinning and mixed usage in authorising transactions since the benchmark survey in January 2013; measure awareness of advertising and key campaign messages; and determine level of awareness of the phasing out of signing and related communication activity from industry and other sources.

January 2015 [6]   Online survey to measure reaction to the change to PIN post the event.

The changes in credit card behaviour between the January 2013 and May 2014 rounds of consumer research showed a significant decline in signing (60% incidence falling to 39%) and in only ever signing (34% incidence falling to 18%).

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[4] Conducted by AMR
[5] Conducted by AMR
[6] Conducted by RFi

The reasons that consumers gave in May 2014 for their behaviour of using a PIN or signing were quite varied. In reviewing these reasons, it was clear that those who were continuing to sign, some eight months into the communications campaign, would need to be forced to make the switch; this supported the use of the "scare" NO PIN NO PAY approach adopted in July 2014.

The research showed that awareness of the forthcoming move to PIN on 1 August 2014 was high, and that the communications programme had effectively reached the target audience.

Merchant Research

The PMO maintained direct contact with the major retailers (e.g., Coles, Woolworths, Bunnings, JB Hi-Fi) and with retailers owning their own terminal fleets (e.g., Australia Post) in order to ensure preparations and readiness for PIN were under control. For the wider merchant community, we relied on the Australian Retailers Association and input from the merchant acquirers.

In addition, specific market research was conducted amongst restaurants, cafes and bars in February 2014, in order to gauge their readiness for the upcoming change from an acceptance perspective and, where appropriate, pay-at-table requirement. This research took the form of telephone interviews with the owner / manager of 500 establishments across Australia. The situation was better than expected by the Steering Committee, with only 5% of establishments deemed to be "at risk" that acquirers needed to address urgently to discuss pay-at-table solutions; however this did represent approximately 2,000 establishments.

The research also indicated that the hospitality trade was firmly in favour of PIN.

ACCC Approval

The ACCC process is a matter of public record, and all submissions and actions can be viewed on their website. In summary, the following took place –

- An official submission to the ACCC requesting authorisation of PIN@POS was made jointly by MasterCard and Visa on 4 July 2013 (the period between April and July had seen many versions of the submission, many meetings with lawyers and many discussions with the ACCC).
- A period of public consultation commenced on 9 July 2013.
- MasterCard and Visa jointly submitted an amended application on 2 September 2013.
- The ACCC provided interim authorisation on 18 September 2013 for the industry to undertake a joint communications campaign encouraging the use of PIN; the campaign was permitted to use the logos of American Express, Diners Club International, MasterCard and Visa alongside each other.
- The ACCC issued its Draft Determination on 11 October 2013, indicating that it intended to authorise the joint activities necessary for PIN@POS; this was open for consultation.
- The ACCC issued its Final Determination on 18 December 2013: *"The ACCC has decided to grant authorisation to Visa and MasterCard to allow them, together with American Express and Participating Financial Institutions, to coordinate in relation to the removal of signatures as a method of authentication for most credit card transactions that are completed in person. The ACCC grants authorisation until 30 October 2015 (which is the timeframe requested) to allow the applicants to delay the current expected dates for implementation (mid 2014) if they consider it necessary."*

Besides permitting industry collaboration on the initiative, the ACCC authorisation process had two key impacts on the PIN@POS programme –

- It cleared the way for American Express and Diners Club International to join the initiative; given the substantial cardholder base of American Express, this was beneficial in making the initiative truly industry-wide in nature;

and

- It stipulated a requirement that signature preferred cards be available from at least 3-4 issuers for those people who had legitimate problems using a PIN.

Timeline

Only one date was ever released to the Australian public, that of the start of the transition period to the removal of signature and the mandatory use of PIN, 1 August 2014. This date was announced on 22 January 2014.
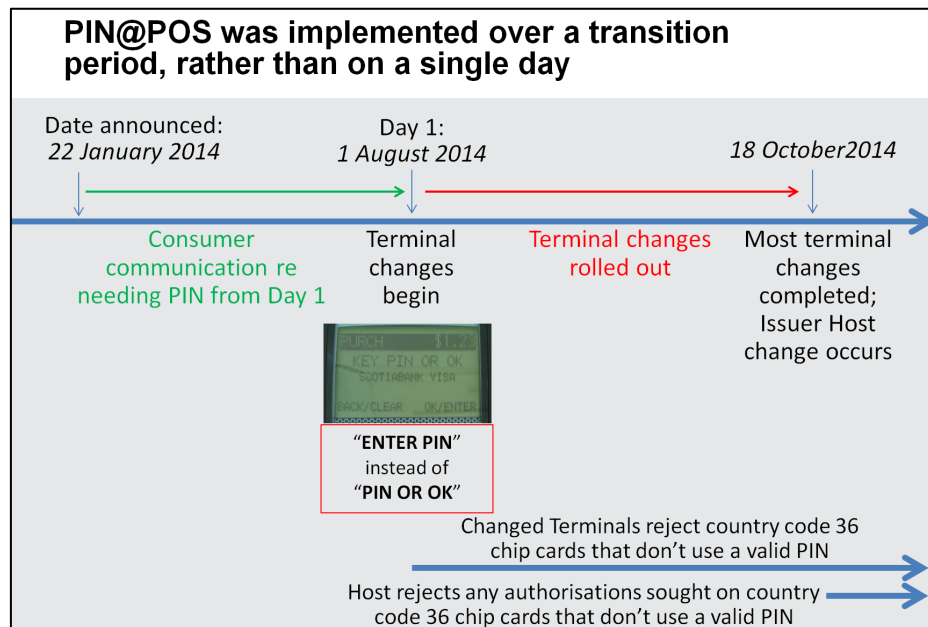
The following provides a timeline of the initiative from the beginning of 2012 through to the end of 2014.

February 2012	Industry meeting occurred at which MasterCard and Visa were requested to coordinate their activities on the mitigation of payment card fraud
April 2012	The first meeting of the Steering Committee of the Industry Security Initiative held, receiving joint presentation from MasterCard and Visa on fraud
July 2012	PMO appointed to manage the ISI and commence work on implementing both PIN@POS and 3DSecure
December 2012	STW Group (and its subsidiary companies) appointed as the communications agency for the ISI
February 2013	Consumer market research undertaken and overall communications strategy developed. Visa issues an updated PIN mandate effective 17 March 2014
April 2013	PMO meets with ACCC. Steering Committee agrees to suspend work on 3DSecure. MasterCard and Visa agree to seek ACCC authorisation for PIN@POS

July 2013	Formal joint submission for authorisation of PIN@POS lodged with the ACCC by MasterCard and Visa. Financial institutions requested not to use communication toolkits or undertake direct marketing to their cardholders until interim authorisation provided by the ACCC
September 2013	The ACCC provides interim authorisation for PIN@POS. Communications agency moves into action for a campaign launch; toolkit materials updated to include American Express and Diners Club International logos
October 2013	"Carrot Phase" communications launched with website, PR activities, press releases, newspaper advertising (penguins in weekend magazines), online activities, etc. – no date mentioned
December 2013	The ACCC provides full authorisation for PIN@POS
January 2014	The Steering Committee approves a PIN mandate date of 1 August. MasterCard and Visa move to issue their PIN mandates. The 1 August date is announced to the public on 22 January, with associated press releases and PR activity
February 2014	Radio advertising used to communicated 1 August move to PIN
March 2014	PIN2WIN promotion in retail outlets of the Woolworths group
April 2014	Television advertising "Ditch your pen for a PIN", together with associated use of the same graphics in posters, at POS and online – "Stick Phase" of communications heavily emphasised
June 2014	Steering Committee approves a final communications push to move the "recalcitrants" on to PIN
July 2014	NO PIN NO PAY campaign in newspapers (including foreign language publications) for the last week of July, counting down to 1 August. Press releases about time running out until 1 August, and significant media attention during this period
August 2014	PIN mandate comes into force, and the changes to POS terminals begin. Very few problems reported, if anything the issues/confusion revolved around not allowing legitimate signature authorised transactions to occur (e.g., on the international cards of overseas visitors, pure magnetic stripe cards etc.).
October 2014	Press releases on the transition period coming to an end. Majority of the financial institutions undertook their issuer host change between 18-31 October. Final Steering Committee meeting occurred
November 2014	"Mission Accomplished" event held