

27 March 2017

Dear Valued Merchant

PIN AND PAY CAMPAIGN: Urgent Request for Action to Address High PIN Bypass Rate Notification

As you may be aware, Malaysia commenced a market-wide project to change the way customers are verified when using their payment card at domestic point of sale (POS) terminals. The change facilitates customers entering a 6-digit Personal Identification Number (PIN) instead of signing at attended terminals. As at the end of 2016, almost all POS terminals and cards in Malaysia have been upgraded to support PIN.

We are thus writing to you to kindly request you to take urgent action to address the behaviour of your cashiers with respect to operating your POS terminals for the acceptance of cards with PIN.

By now, your terminal(s) has/have been upgraded to support PIN entry. This means that every time a customer presents a PIN enabled card, your terminals will prompt for PIN entry. Correct operation of the POS terminals require the cashier to present the PIN pad to the customers to allow the customers to securely key in their PIN. The only exception is contactless transactions up to RM 250 where a PIN is not required.

Your PIN enabled terminals support a function known as PIN bypass, which allows the customers to sign if they do not know, or have forgotten their PIN. This feature is designed to allow the customers to continue to use their card and prevent the loss of sale to your business if the customers do not know their PIN. However, PIN bypass is only a temporary measure and from 1 July 2017, PIN bypass will no longer be allowed for Malaysian issued cards.

While we expect some degree of PIN bypass to signature to occur at your POS terminals before 1 July 2017 due to cardholders not knowing their PIN, our records show that the level of transactions where PIN bypass is occurring at your POS terminal(s) is significantly higher than expected and much greater than the industry average. This suggests that the cashier operating your POS terminal(s) is automatically bypassing PIN entry instead of allowing the customer to enter a PIN when PIN is prompted.

There is a misconception in the local market that PIN is not required until 1 July 2017. This is not correct. If the POS terminals prompt for PIN you must allow the customer the opportunity to enter the PIN. We kindly request that you make sure that your cashiers take this action now to become familiar with accepting PIN transactions.

We thank you for your understanding and look forward to seeing a significant reduction in the PIN bypass rate at your POS terminal(s).

This is a computer-generated notification. No signature is required