

U.S. CONSUMERS WELCOME ADDED SECURITY OF CHIP CARDS, BUT NEED EDUCATION TO USE THEM

EXECUTIVE SUMMARY

As more consumers become aware of EMV technology and look to adopt chip cards for greater security, how can issuers help cardholders successfully transition to new behaviors at the point of sale? Providing clear guidance on the benefits of a chip card and how to use it is key to turning awareness into chip transactions.

87% OF RESPONDENTS WERE COMFORTABLE MAKING THE TRANSITION TO CHIP CREDIT CARDS.

U.S. CONSUMERS WANT EMV

MasterCard consumer awareness research shows that consumer desire for chip cards is growing. In just seven months, from June 2013 to March 2014, awareness of EMV rose ten percentage points to 60 percent among U.S. consumers.¹ Over half (56 percent) of debit card users and 40 percent of credit card users say they prefer using a PIN at the point of sale.

Among other key findings in the EMV awareness study:

- All segments want a chip card in the long term and many—40 percent of debit card users and 35 percent of credit card users—would like one immediately.
- Security dominates the need for chip. In the survey, 75 percent of respondents believe a chip card is more secure than a mag-stripe card.
- Consumers look to their financial institution or bank for education about chip cards. More than two-thirds of respondents (68 percent) want their bank to get them started using a chip card and help them understand long-term usage potential.
- International travelers have an immediate need for a chip card. Over one-third (36 percent) say they would switch banks if a chip card was not offered.

BUT HOW DO CONSUMERS ACTUALLY INTERACT WITH EMV CARDS?

As a follow-up to the EMV awareness research, MasterCard commissioned a usability study to learn how U.S. consumers interact with EMV technology.² We observed the reactions of credit/debit card owners to receiving a new/replacement chip card (as they would in the mail) and their experience using the card in various typical ways.

Insights from the study can help issuers understand how best to make cardholders successful at using their chip card.

WHAT
CONSUMERS
SAY

“If this is a better way to stop the problems caused by breaches, then sign me up.”

“I am excited the chips are coming to the U.S.”

“I like the security of a PIN.”

Security Is the Key to Engaging Consumers

- Consumers are aware of recent data breaches and worry about the security of their card information
- Respondents are very receptive to the idea that chip technology is “more secure” than magnetic stripe cards and the vast majority feel comfortable transitioning to chip cards
- Though unfamiliar with regularly using a PIN with their credit card, they would readily do so if it enhances security

Inform, Don’t Solicit

When communicating with consumers about chip cards via a mailer or other means, issuers should avoid creating materials that look like a standard credit card solicitation.

- Indicate clearly that this is a replacement for their existing card.
- The materials must make it clear that this is an important “must read” document that will greatly enhance cardholders’ security, otherwise it may be ignored.
- Avoid characterizing a chip card as an “upgrade”; rather, reassure cardholders that the financial terms and benefits of the card remain the same, while the security is being improved. Indicate clearly that this is a replacement for their existing card.

Education Is Critical

While consumers believe that chip technology is more secure, most are not clear how that security is provided. Recurring questions include: What information does the chip store? Is it more than is currently on a mag-stripe card? What information is at risk if the card is compromised?

- Consider including an FAQ section that clearly explains the benefits of EMV and answers consumer questions about security and how chip technology works. Use simple, non-technical terms when possible. For example, consumers in the study were not overly familiar with terms like “contactless” and “terminal.”
- In the study, consumers responded positively to content about the track record of chip technology in other countries; it helps legitimize the technology and improve their confidence that the “kinks” had been worked out

Make the Credit with PIN Connection Clear

Many survey respondents were accustomed to using PINs with their debit cards, but were not aware that they may need a PIN for a chip credit card transaction. When issuing PIN-preferring credit cards, communications on card usage should make it clear to credit card users that a PIN will often be required and it will be provided to them.

- Consumers need to be assured there is no fee for using a PIN with chip credit transactions
- Most view use of a PIN as worth the extra security
- While regularly using a PIN for credit is new, most believe they will have no problem remembering the PIN after frequent use

CONDUCTING A CHIP TRANSACTION

After completing different types of chip transactions, more respondents said they preferred chip and PIN (27 percent) over chip with a signature (10 percent). Key findings with regard to each method:

Chip and PIN

In the wake of widely publicized security breaches, consumer awareness of the need for greater security has risen. Consumers saw a security advantage in using PIN. In fact, PIN is seen as more secure even by those who prefer other methods. Respondents showed no resistance to entering a PIN at the POS, understanding the extra level of security it provides. Remembering their new PIN is not a problem—they believe they will once they use it a few times.

Ease of Use a Challenge Initially, But Is Quickly Overcome

On the first try using a chip card, consumers are unsure how to insert the card and how long to leave it in. Once respondents were shown how to insert the card, the action was seen as being similar to swiping. However, some were concerned about relinquishing physical control of the card. The cardholder should be reminded that the terminal will make an audible sound when it is time to remove the card.

Chip and Signature

There was comfort in the familiarity of this method since most consumers are accustomed to signing when using their credit cards. But consumers viewed chip and signature as lagging in both ease and security compared to PIN or contactless transactions. Questions about security arise because consumers believe merchants do not really look at the signature.

Contactless

Nearly two-thirds of respondents liked contactless for its simplicity, speed, and ease of use. Once they mastered the proper way to wave/hold the card, they appreciated the fact that the card never left their possession. However, consumers are unfamiliar with contactless—the term and its use are not well-understood and “tapping” a card seemed like a misnomer, prompting many to tap their cards in unsuccessful ways. Concerns about security were also expressed, since no PIN or signature is generally required, indicating the need for issuers to ensure that their cardholders understand that the same EMV technology is included on contactless cards.

“Inserting the card seems more secure.”

“I don’t have to give my card to the cashier. This is a good thing.”

“Chip and PIN would be good once I learn how to do it.”

“A website explaining how to do a transaction is necessary.”

WALK THEM THROUGH THE TRANSACTION PROCESS

While 87 percent of respondents say they are comfortable making the transition to chip cards (66 percent very comfortable and 20 percent fairly comfortable), their comfort level may exceed their practical knowledge of how to conduct a chip card transaction.

- Customers tend to fumble with first time use of chip, underscoring the importance of educational materials demonstrating how to use the card
- Customers were puzzled at some steps in the process, such as where and how to insert their card, and how quickly they could remove the card
- Consumers’ expectation that cashier at POS will help them make transaction may be unfounded, underscoring the need for training before their first purchase
- Issuers should use simple imagery and multiple communication channels, including bank Web sites, to demonstrate how chip transactions are done at the POS

CONSUMERS WILLING TO ADOPT PIN BECAUSE IT IS MORE SECURE

80% OF RESPONDENTS RATE CHIP AND PIN AS VERY OR FAIRLY EASY TO USE

CHIP AND PIN

Seen as more secure than contactless or signature

Simple to use once you realize how to insert the card

Some think it is even easier than signature

TURNING AWARENESS INTO USAGE

Research shows that consumers feel positively about EMV technology and are eager to embrace its benefits, especially in the area of security. However, their comfort in actually using chip cards needs to be shored up with educational communications that clearly explain how to complete a transaction successfully, security details, and other practical information. Issuers should leverage all channels—Web sites to online banking to printed materials—to demonstrate how to use and benefit from chip cards. Most consumers prefer PIN to signature, and are willing to adopt it because of the perceived security advantages. We observed in each interaction that once a consumer completes their first chip transaction they understand it and gain confidence with each following transaction.

METHODOLOGY

MasterCard commissioned a research firm to observe the reactions of 30 credit/debit card owners receiving a new/replacement chip card (as they would in the mail) and their experience using the card in various typical ways. In-person interviews were conducted with consumers in St. Louis, MO, Baltimore, MD, and Richmond, VA.

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1. MasterCard US EMV Consumer Research, conducted by Harris Interactive, June 2013 and March 2014, commissioned by MasterCard.
2. Unless specified, all data from Hart Research for MasterCard, Chip Card Research with Consumers, July/August 2014.