

# Views from the Cash Front

Mike Bowen,  
Chair of ESTA Cash Group



## In a Changed World



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**We have been cursed to  
“Live in Interesting Times”**

**But lets not forget....**

**They were NOT queuing for a  
Northern Rock Gold Card!**

**They were queuing for their**







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# Credit Crisis: Some Consequences

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- The true value of State underwriting is now clear to the Public:
- Confidence in “Private Money” has been shaken via the Credit Crisis and electronic payment security failures
- Public are returning to cash to help control expenditure



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# April Last Year

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- *“Reports of the death of cash are premature. Cash is not only alive its thriving. Hard up customers are increasingly **reluctant to spend money they have not actually got in their hands**. While total retail spending continues to grow there is a widening gap between the amount spent in cash and spent using cards, suggesting customers want to keep tight control of their finances”*

**BRC Director General Stephen Roberts April 2008**

- *“Despite the payment card industry’s significant improvement in reducing the rate of increase of fraud, absolute losses from fraud continue to grow. All participants in the payment system are affected. In addition to the direct financial losses incurred, **there are growing concerns that increased public attention to data breaches and payment card fraud may lead to a general undermining of consumer confidence in electronic payments**” ....*

**Introduction to Philadelphia Federal Reserve / EFTA Payment Card Fraud Conference,  
April 2008**



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# This Year

- *Reports of the demise of cash are greatly exaggerated. Despite the impression created by some banks, it is the most popular means of payment and the most cost effective for retailers.*

## BRC Press Release March 09



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## MailOnline

### Chip and PIN was meant to beat credit card fraud. Guess what? It's up 50%

By [Sean Poulter](#)  
Last updated at 1:56 AM on 20th March 2009

Card fraud has leapt almost 50 per cent since the introduction of the chip and PIN system that was supposed to out the problem.

The total hit a record high of £809.9million in 2008, which was 14 per cent up on the previous year.

More disturbingly, the figure has jumped by £182.8million - 43 per cent - since the chip and PIN system became universal on Valentine's Day in 2006.

The surge in card fraud comes as the big banks are taking a tough line with victims and increasingly refusing to pay refunds.

At the same time the Home Office has decided that it is no longer the job of the police to record and investigate card fraud. Now police forces across the country are directing victims to their banks, rather than mounting investigations.

The card fraud figures come from the banking industry trade body, APACS, which has also seen a 132 per cent annual rise in theft linked to online banking.

The introduction of chip and PIN, under which payments are authorised with a four-digit code rather than a signature, required an investment of more than £1billion in new till machines.

The huge cost, passed on to shoppers in higher bills, was justified on the basis that it would drastically cut debit and credit card fraud.

However, the reality is that it has provided a springboard for a massive explosion in the cloning of cards.

Before the change, PINs were used at some 50,000 bank cash machines. Now they are used at more than 900,000 tills, including high street stores and restaurants.

This has multiplied the opportunities for criminals to steal the PINs and the information on the magnetic stripe, which are needed to create copies.

Fraud linked to counterfeit or cloned cards hit £169.8million in 2008. That was up by 18 per cent on 2007 and by 75 per cent compared to 2005.

Security expert Professor Ross Anderson, of Cambridge University's Computer Lab, said: 'The banks' claims that chip and PIN would curb fraud was nothing but spin. The reality is that the system is broken.'

He said the Government decision to switch reporting of card fraud from the police to the banks was a mistake. 'This totally unwarranted privatisation of the justice system means people just can't get these crimes investigated,' he said.

The chip and PIN system does not deal with the problem of cards being used to make purchases via the internet, telephone or mail order.



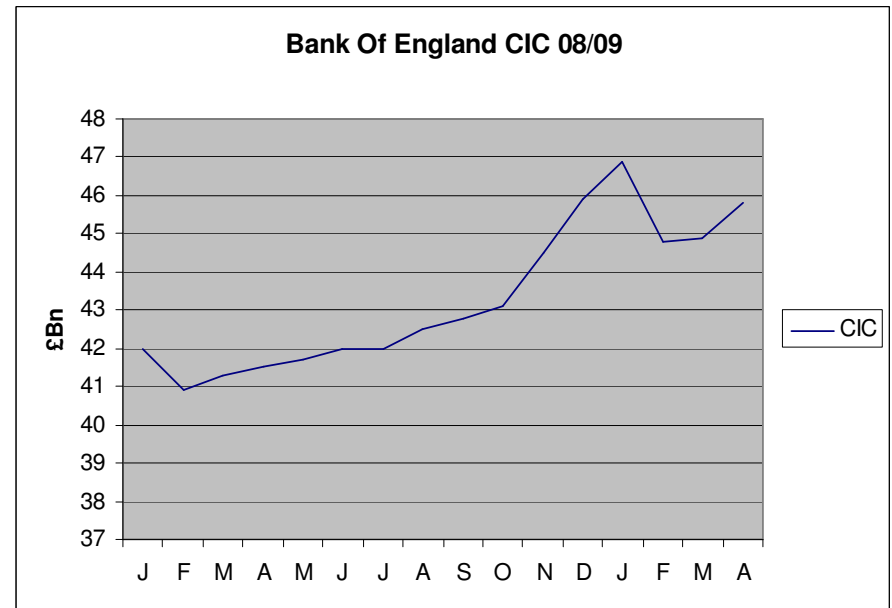
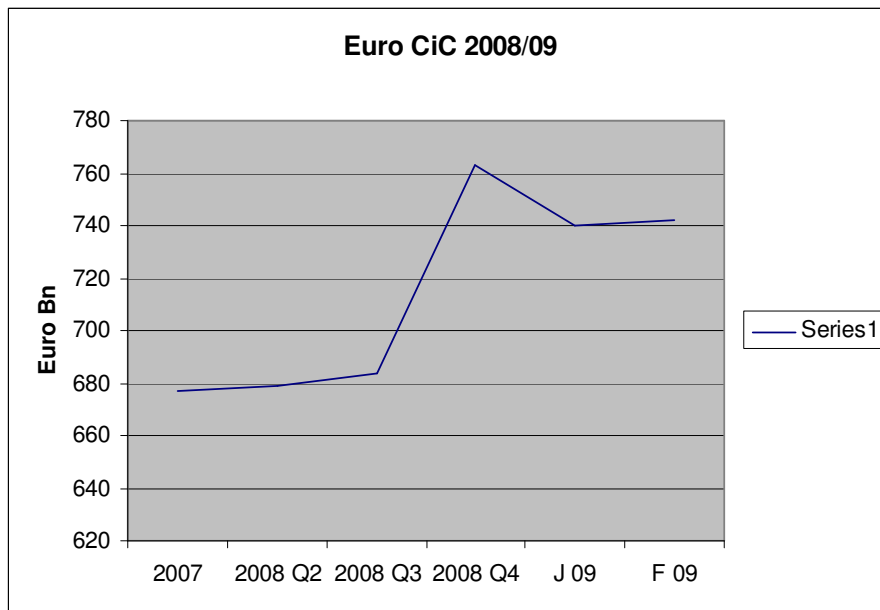
Fraud increase: Criminal gangs have found more ways to bypass chip and pin technology





# Cash In Circulation

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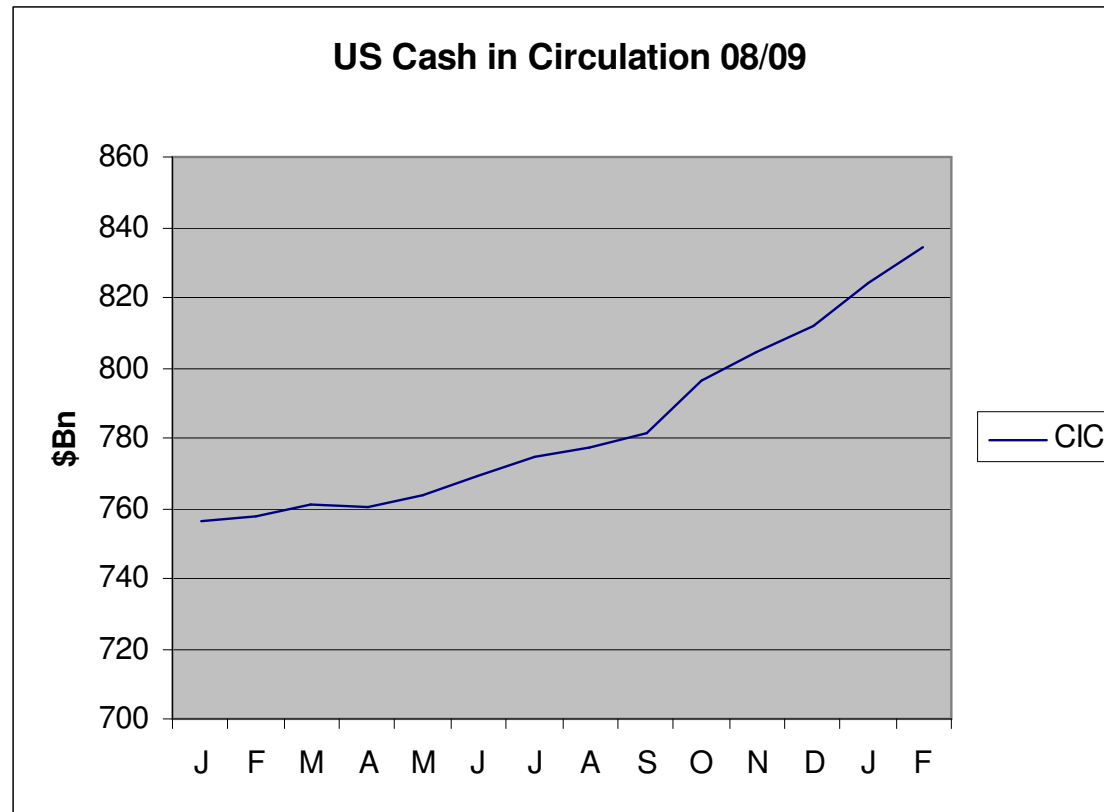


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# Its Global

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# **NOW for many people...**

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## *Cash simply **IS** Money*

Our job is to supply it reliably & make it more efficient & thus cheaper



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# **For Retailers...cash is cheapest**

*Important new research from the  
British Retail Consortium (BRC)*



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