

Dear Mr Parkes,

I am writing to bring your attention to the lack of community consultation in both rounds of submissions, and the fact that those marginalised in the Australian society are not offered an opportunity to have their voice heard, namely my patients who have had a stroke and have aphasia. Working across Perth Metropolitan area, and asking my patients about their opinions has meant that none of them have even heard that such change is being proposed!

As a pharmacist, my patients are my priority, and when I asked my patients about how they felt about what the financial institutions were proposing – they were very unhappy at the prospect of having their last lot of independence taken from them.

In particular, my patients with aphasia are not able to remember the numbers, so the idea of not having a PIN (and they do not carry cash for the same reason) means that they can not confidently walk to and have their services met.

My elderly customers sometimes have problems with the vision, and if they do not have their spectacles with them, it is extremely hard for them to use a PIN. With a signature, it can be written anywhere, and they can still safely make a purchase. It is not safe for other people to know their PIN numbers, and hence, this change to only PIN and CHIP will cause severe disadvantage to them. If there are issues with short term memory problems, this not only compounds the problem, but causes severe distress in a public situation, that is not required. For example, some of my patients have high blood pressure as well, and not being able to pay for something is taken very seriously as they do honour their payments, and feel like they are treated as second rate citizens – just because they can not remember a PIN. This also includes people who have been under general anaesthetic, who have experienced major life changing disabilities, who have experienced severe trauma, people who come to the pharmacy because of an emergency etc.

Furthermore, there has been significant risk exposed with EMV changes proposed, and as such, countries like the USA and Singapore are now changing back to PIN and SIGNATURE.

There is another reason to have a chip and signature card – which is liability. It is extremely hard to dispute a transaction where the bank claims a signature was used, while a forged signature is completely null and void. So the move to a PIN is a shift of fraud liability from the bank and the merchant to the cardholder. Why should my patients be exposed to such a risk and where are the patient advocates who are going to act on their behalf when dealing with banks?

In Singapore and the USA, neither country was the regulator happy about the liability shift, because of the associated moral hazard – once the banks are less liable for fraud, they will become careless.

Furthermore, there is a major issue with EMV proposal by the banks, and the University of Cambridge security researchers have found that the code is easily broken. Please refer to their research article – and the evidence behind it, and the following youtube video:

<https://www.youtube.com/watch?v=gv3dxjvqk7Y>

Forging a handwritten signature really well is difficult. Criminals will ordinarily forge a signature just well enough to deceive the operator of a point of sale terminal, who will not be specially skilled or trained to detect forgeries, and will not have time for a detailed examination. The result will usually be a signature just good enough to deceive the operator, but obviously forged when examined by a skilled document-examiner with time and technology available for the exercise.

The result is that although the criminal will get away with the goods, the customer who was impersonated will not have to pay. The loss will fall either on the bank or on the merchant, depending on the agreement between them. This provides good consumer protection.

The effect of replacing a handwritten signature by a PIN is to remove the evidence that the signature was a forgery, because there is no longer anything with the personal characteristics of the maker for comparison. Instead, where the impersonated customer denies having made a purchase, the bank will assert (a) that its business records prove that the customer's PIN was used and (b) that the PIN could only have been known to the criminal through the fraud or carelessness of the customer; and will claim that customer must be held liable accordingly. These assertions, however dubious, have in practice generally been accepted by the courts unless the the customer can produce evidence to challenge them. Obtaining that evidence depends on having the assistance of a suitable expert, and having the court order that the expert must be given access to the banks systems to examine them in order the verify the bank's assertions. Such an investigation is liable to be burdensome out of all proportion to the sums in dispute, and the banks may well be successful in resisting it on that ground. (In the rare case where access of this kind is ordered the banks are likely to withdraw and settle any claim rather than face the investigation or an adverse final result.)

Why should be elderly and unwell patients be exposed to such a risk?

I call for further investigation of what the businesses are proposing, and the faults with EMV are widely known. This in turn would call for higher litigation costs on both the consumer side and the financial institutions side, as there is already a problem with the security of EMV.

What should the basic right of my patients be affected because all the financial institutions are forced by Visa/Mastercard/American Express to change?

The argument about security is non-existent, as it has been proven that EMV is not working at all.

Kind regards,



Pharmacist

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