



Position: ATMIA¹ upholds the security, convenience and success of the PIN

The PIN (Personal Identification Number) has been the preferred customer authentication device in self-service banking for almost forty years, first for magnetic stripe cards and now, more recently, for smart cards in the Chip and PIN system being rolled out in numerous countries.

The magnetic stripe card was introduced for ATMs in 1969 by New York's Chemical Bank, two years after the first ATM installation in London. The PIN was invented for use at ATMs in the late 60s as a means of ensuring the genuineness of the customer at the new "automated teller".

The PIN is an inexpensive and tried-and-tested method of authenticating a bank customer's identity for ATM and Point of Sale transactions. The PIN works like a password code designed to be known only to the person to whom the associated card has been issued. It is part of a two-factor authentication system – the magnetic stripe or chip contains unique account data while the PIN is unique to the customer.

The network to which the ATM is linked then checks the match of the information provided by these two factors. If card and keypad inputs agree, the cash dispenser mechanism may be activated for transactions. Many PIN verification systems allow three attempts before blocking further use of that PIN for that particular card, providing protection for the PIN's integrity. Ongoing customer education encouraging PIN protection measures is highly recommended. If a customer's ATM card is stolen but the PIN remains unknown to the fraudster, no fraudulent cash withdrawal can take place.

The PIN has proved a viable, practical, long-term solution to the problem of how to ensure that the customer's card is only used by the rightful owner at the ATM. The costs of the PIN system have been low and yet its reliability has been high. In fact, so successful has this simple system been, that it is now being used widely in the point of sale environment, including for some credit card transactions. PIN is patently more secure than signature-based electronic transactions. Throughout Europe the traditional in-store credit card signing process is being replaced with a system where the customer is asked to enter their PIN instead of signing. PINs (usually 4 digits) are also used for activating cell/mobile phones when they are switched on. It is a ubiquitous method of authentication.

The ATM Industry Association affirms its faith in the PIN as the most cost-effective and secure method of customer authentication at ATMs when entered using industry guidelines for PIN protection.

¹ The ATM Industry Association is a global non-profit trade association serving all businesses and groups in the ATM industry. The association is made up of more than 1,000 members in 50 countries. We currently represent over one million ATMs internationally. For more information go to – www.atmia.com.