Why Don't All Merchants Have Credit Card Readers for Chip and PIN Cards?

May 16, 2018 - It has been nearly three years since major credit card companies in the United States told merchants that they would have to start using new technology to read credit cards. The new readers force shoppers to insert their credit card chip to be read by the machine, and they are much more secure than the old magnetic swipe readers. But by the end of last year, 36% of merchants still didn't have the technology. The question is, why not?

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Since the implementation of in-store chip and PIN credit card readers, in-store credit card fraud has dropped by a staggering 70%. When the technology change was announced, merchants were giving a very strong incentive to implement it. They were told that they would be held financially responsible for any fraud that occurred on the old machines. This doesn't just include the cost of the fraudulent sales in their stores. It also includes costs associated with any data breach caused by the old technology. These charges can add up into millions of dollars.

You would think that would get merchants attention. The truth is that it has. Virtually all major US retailers made the switch to chip and PIN long ago. But smaller merchants have been more reluctant. The issue for them has been the cost of implementation. Card readers can be expensive. Making the conversion can still cost around $2,000 but that's a much more attractive cost than having to pay for a data breach.

Merchants who haven't made the conversion need to evaluate their priorities. They are essentially playing Russian roulette with their business. Likewise, customers of these merchants should start thinking about shopping elsewhere. They are essentially playing Russian roulette with their identities.

The good news is that a survey by the Mercator Advisory Group found that of the merchants who weren't using the technology by the end of last year, 57% of them said that they expected to be using by the end of 2018.
byJim Malmberg
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