Gas Station Have Another Year to Implement Latest Fraud Prevention Technology

September 19, 2016 - For years, American retailers resisted efforts to implement "chip & PIN" (CP) technology in credit cards; instead opting for the far less secure magnetic strip on the back of the card. Frankly, there was no reason for retailers to want CP on their credit cards. The technology is expensive to implement and significantly slows down the checkout process for consumers. On top of that, banks were responsible for the costs of replacing stolen credit cards. There were real incentives for merchants to shy away from the technology. But then came several large retail data breaches that changed everything.

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s.src = 'http://widgets.digg.com/buttons.js';
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Of these data breaches, the one at Target was probably the most famous. But Home Depot, Neiman Markus, Michaels Stores and a variety of other high profile companies also experienced problems. This drove legislation and private action from Visa and MasterCard making the conversion to CP a necessity for most retailers. Specifically, retailers were told that if they didn't convert by October of 2015, they would be responsible for all of the costs associated with the theft of credit card data.

To date, not all retailers have made the conversion. But most big chains have. Those that haven't are actually playing with fire. But there is one exception. Gas stations. Specifically, credit card readers that are installed in gas pumps. They have until October of 2017 to make the conversion. This wasn't an oversight but it does present some issues for consumers.

Gas pump credit card readers are actually designed to be integrated into the pump. The vast majority of these readers can't be easily replaced simply by swapping out parts. The entire pump has to be replaced; something that can cost more than $20,000 per pump. When you consider that gas stations usually only make a few cents per gallon of gas sold, the

cost is significant.

The problem that this creates for consumers is that gas station pumps remain vulnerable to credit card skimmers. And as CP technology has become more ubiquitous in retail, the crooks intent on using skimmers have been migrating to places where they can still steal data. Gas stations are especially vulnerable since their pumps are not usually manned.

There are things that consumers can do to protect themselves. When at a gas pump, if you think the credit card reader looks odd, don't use it. Instead, go inside and pay the attendant. Credit card readers inside the gas station's office or store are now supposed to be using CP technology. Only the readers installed in the gas pumps are exempt from the newer rules.

When paying at the pump, if you are using a debit card, use a hand as your shield before you enter either your ZIP Code or your PIN. The crooks need this information even after they steal your credit card information. They get it by taking pictures of you when you input the data. Don't make it easy for them.

Once CP readers are installed in gas pumps, consumers will be a lot safer than they are today. But you should still be careful. Every time new technology is implemented to stop thieves, someone is looking for a way to get around it. CP technology is no exception.
byJim Malmberg
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