

Credit Card Signatures: Bye Bye



What follows is an article adapted from one published in the Infintech News January 30, 2018. Infintech is my [Credit Card on File](#) gateway and credit card processor for my consulting business. It is also a company I recommend to clients. I've been working with my rep, [Michael Gutlove](#) for 6 years implementing Credit Card on File in medical and dental practices, and can honestly say his customer service is unparalleled.

The rise of mobile payments such as Apple Pay and Google Wallet have set the stage for consumers to have an improved shopping experience when purchasing goods or services. With the influx of convenient payment methods, credit cards companies are continually taken to task on improving overall purchasing practices.

The major credit card brands – MasterCard, Visa, American Express and Discover – have found a way to do just that. These brands recently announced that as of April 2018, **they will no longer require a signature on debit or credit card purchases**, so buyers can have a faster and more convenient shopping experience. This will also help reduce merchants' operating expenses associated with retaining these signatures.

Here is a quick recap of the statements from the card networks according to [creditcards.com](#):

- [Mastercard](#), which announced in October that it would make signatures optional in April, says more than 80 percent of the in-store transactions it processes now

don't need a signature.

- **Discover** said on Dec. 6, that it, too, [would abandon the signature requirement](#). "With the rise in new payment security capabilities, like chip technology and tokenization, the time is right to remove this step from the checkout experience," Discover's Jasma Ghai, vice president of global products innovation, says.
- **American Express** announced Dec. 11 that it will [drop the signature requirement globally in April](#). "The payments landscape has evolved to the point where we can now eliminate this pain point for our merchants," said Jaromir Divilek, Executive Vice President, Global Network Business, American Express.
- **Visa** said in a [blog post](#) that it will make "the signature requirement optional for all EMV contact or contactless chip-enabled merchants in North America, beginning April 2018."

Credit Card Signatures No Longer Fight Fraud

In the past, signatures were perceived as an added layer of protection to prevent customers and merchants from fraudulent transactions. Initially, retail stores could use the signature on the receipt and match it to the signature on the back of the customer's card, but merchants rarely do this making the need for a signature less impactful. Although it isn't mandatory to collect a signature from a customer, merchants can still do so if they wish.

The need for signatures has also declined around the world due to many advancements in the payments industry such as contactless payment options, the global adoption of EMV chip technology and the ever-growing world of online commerce. According to [pymnts.com](#), in the two years since EMV chip cards launched in the United States, fraud at the physical point of

sale has declined by 66 percent. This is attributed to the deployment of EMV technology at the in-store point of sale and consumers' use of chip cards. Signatures as an added measure of authentication is unlikely to create risk for chip card transactions.

Credit Card Security Isn't Compromised

According to macrumors.com, credit card companies eliminating signatures for in-store transactions will not have any impact on customer security. In fact, security is better than ever due to the move towards a more digital payment world.

"Our secure network and state-of-the art systems combined with new digital payment methods that include chip, tokenization, biometrics, and specialized digital platforms use newer and more secure methods to prove identity," said Linda Kirkpatrick, an Executive Vice President at Mastercard.

Both Merchants and Customers Are Okay with this Change

According to usatoday.com, Kirkpatrick says that "eliminating the need for signature is another step in the digital evolution of payments and payment security."

Since security is not an issue, both merchants and customers are looking forward to saying goodbye to signatures. Payments will become easier and more convenient, checkout lines will move faster and merchants will be able to push more customers through lines in a timely manner. It's a win-win for everyone.

Photo Credit: [torbakhopper](https://www.flickr.com/photos/torbakhopper/) Flickr via [Compfight cc](https://creativecommons.org/licenses/by/4.0/)

EMV: How Your Practice Will Be Affected By Credit Card Changes in October 2015

✘ At Manage My Practice, we are big proponents of using a Credit Card on File (CCOF) system in medical practices to reduce expenses and improve cash flow. Knowing how your processing vendor's pricing plan and security features work are critical to implementing this system. You have to be able to understand and negotiate your costs, and stay current on best practices and technology that keep your patients' data safe.

Big changes are coming to the technology end of your credit card system in October of this year (as if you won't be busy enough with ICD-10!) and you need to make sure now that you have all the details handled for your employees and your patients. The new technology is called EMV, or "Euro Mastercard Visa" and has been used in most of the rest of the world for awhile now.

Whenever we have questions about anything credit card related, we go straight to Michael Gutlove, Director of Merchant Services at IDT. Michael has been our own vendor, as well as our top recommendation to clients for almost three years now. We asked him to help us sort out the changes.

Mary Pat: Michael, what's your background?

Michael: I've been helping business owners improve their bottom lines since 1997. Reducing costs are critical – now more than ever – for all business owners, and I've been able to repeatedly reduce operating costs by clearing away the traditional smoke and mirrors of credit card processing.

Mary Pat: *Are people in general and patients specifically using credit cards more than they used to? Do you foresee a time when people will only use credit cards, no cash or checks?*

Michael: While electronic payment volume has steadily increased year after year it's highly unlikely that cash or checks will ever be completely eliminated. Cash payments serve the "underbanked" population and checks remain a highly effective method of payment for high ticket (luxury) items.

Mary Pat: *What about payment via a smartphone or watch – do you see that becoming a predominant part of the American payment experience?*

Michael: Apple Pay is the first mobile wallet solution that's made any traction into the payment space. It's opened the door for cell phone manufacturers, wireless carriers, and any/every technology company under the moon to think about getting involved. The problem with suggesting that mobile technology will replace the way we pay (or become the primary way we pay) is that it's not fixing an existing problem. Mobile payments are generally viewed as a convenience as opposed to a necessity and we've become accustomed to carrying a wallet or purse with actual credit cards.



Mary Pat: *The new acronym in credit cards is EMV. What is EMV?*

Michael: EMV stands for **E**uropay **M**asterCard **V**isa. It's an acronym for the Global standard of chip card technology facilitating electronic payment transactions. The United

States is the last major country to adopt this method.

Mary Pat: Why do readers need to know about EMV?

Michael: October 2015 marks the deadline for business owners, accepting credit or debit cards, to upgrade their terminals for chip card acceptance. While it is not legally necessary to upgrade, doing so reduces the liability for fraudulent or counterfeit duplicate transactions.

Mary Pat: What does accepting chip cards have to do with liability?

Michael: EMV prevents “card present” duplicate fraud as the customer always maintains possession of their card. Instead of swiping the mag-stripe on the back, merchants will instruct customers to insert cards into the EMV ready terminal and enter a PIN or signature when prompted. Businesses that do not have the ability to accept EMV cards will be held liable for fraudulent “swiped” transactions.

Mary Pat: Does EMV eliminate fraud?

Michael: EMV is not a cure all for all types of fraud. The programs put in place will help with duplicate card fraud charge-backs, but will not impact others. Visa, MasterCard, Discover, and American Express have different liability shift requirements.

Mary Pat: What about “Card Not Present” transactions?

Michael: EMV only applies to face-to-face transactions. When it was released in Europe increased levels of fraud showed up via ecommerce and MOTO (mail order/telephone order). A similar scenario is expected once the US adopts EMV making PCI-DSS compliance even more important.

Mary Pat: What is PCI?

Michael: PCI-DSS stands for the Payment Card Industry Data

Security Standard. Most processors offer comprehensive programs to ensure PCI compliance and validation.

Mary Pat: What should I do now?

Michael: Reach out to your processor and determine your risk level for EMV. Accepting EMV can only help your business but it isn't necessary to do anything prior to October. The majority of POS (point of sale) manufacturers haven't released EMV readers and new hardware might not be necessary depending on your existing terminal make & model.

Making sure you are getting the most you can from your credit card vendor is a critical part of protecting your data and your bottom line in today's healthcare industry. You need to know the steps you and your vendors are taking to safeguard patient data as well as being able to relay those steps back to patients and employees. That's why it's important for managers to understand EMV – and their credit card setup in general. Successful implementation of a credit card on file program or any credit card processing system will always require buy-in and communication.

NOTE: [Credit Card on File](#) clients of Manage My Practice should know that Michael Gutlove will be swapping out your current swipers for EMV terminals for chip and non-chip cards at a considerable discount.

For additional information, questions, or anything else credit card related feel free to reach out to Michael Gutlove at 201.281.1621.