

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.

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