

Contactless technology

Oct 2014

Contactless technology allows for easy, fast payments without the need to swipe a card or enter a PIN. This technology is available on most new credit cards and many debit cards. It will soon also be available through mobile wallet apps on mobile devices, such as a smartphone or tablet. We anticipate mobile wallets could be publically available in New Zealand by the end of 2014.

Contactless cards

The most common forms of contactless technology are Visa PayWave and Mastercard PayPass credit/debit cards. Bank card contactless technology allows a customer to make transactions by holding a contactless card in close proximity to a contactless terminal without the need to swipe the card or enter a PIN. There is currently a limit of \$80 for transactions. Customers will be asked to enter a PIN for some transactions including those over \$80.

Banks will generally automatically issue new or replacement cards with contactless technology, and you may not be able to opt out of this.

What are the advantages of contactless cards?

Contactless cards are quick and easy to use. They are also good for people who struggle to see PIN keypads. They can reduce the risk of fraud as you do not need to hand over your card.

What are the risks with contactless cards?

Because you don't need a PIN or signature to complete a contactless transaction for under \$80, there is a greater chance of transactions being made without your knowledge or consent. You will generally not be liable for loss arising from any unauthorised use of your card or mobile device unless:

- you have acted fraudulently or negligently
- you have contributed to the unauthorised use of your card, such as failing to take reasonable care of it or taking an unreasonable time to notify your bank about the loss of your card.

This means it is important you take care of your card. If your card is lost or stolen, or you notice unauthorised transactions on your statements, you should contact your bank immediately. You can

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read more about steps you can take to protect your card in our Quick Guide on [Looking after your credit and debit cards and PINs](#). Our Quick Guide on [Mobile Banking](#) has our top security tips and other helpful information about mobile banking.

Can I accidentally be charged for a transaction, or pay twice for the same purchase?

Contactless payment terminals are set up so a card needs to be very close to be charged. This means it is very unlikely you would be accidentally charged for a transaction.

You can only pay for each transaction once, so even if you present your card to a terminal multiple times you will not be charged twice for the same transaction. This also means that if you accidentally present two contactless cards both will not be charged.

How can we help with complaints about contactless technology?

If you make a complaint to your bank and it is not resolved to your satisfaction, you are able to ask the Banking Ombudsman Scheme to consider the matter. We can consider complaints about things like unauthorised transactions and fraudulent use of contactless technology.

There are some complaints about contactless technology we cannot investigate. One example is a bank's decision to issue a card with contactless technology. Although you can talk to your bank about your options if do not want a card with contactless technology, we cannot require a bank to issue a card without contactless technology.

Further information

If you have further questions about contactless technology you should talk to your bank. You can also get information on the [MasterCard](#) or [Visa](#) websites.

Case note

Mrs D was concerned about the safety of contactless credit card technology.

Mrs D contacted her bank to ask that when she was next issued with new credit cards they did not have contactless capabilities. Mrs D's bank told her contactless technology was now being included with all new and replacement credit cards and it could not accommodate her request. Mrs D then suggested the bank could make the new card's contactless transactions limit \$0. The bank advised it could not do this either.

Mrs D brought her complaint to our office. She said she was aware she would not be liable for fraudulent transactions made using her card if she used it according to its terms and conditions, but wanted to eliminate the risk of this happening.

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Web www.bankomb.org.nz Facebook www.facebook.com/bankombnz

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While we understood her concerns, we explained to Mrs D we could not review the bank's decision to issue her a card with contactless technology. This was a decision the bank was entitled to make, and the bank was not doing anything wrong in doing so. Mrs D accepted we could not assist her, and withdrew her complaint.

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