

Banks slip scan card into wallets

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MILLIONS of Australians have access to new technology that will make paying for small items quick and easy but may have no idea it is sitting in their pocket.

"Contactless credit cards" have been given to more than 3 million Commonwealth Bank customers and were sent to National Australia Bank customers from November as well.

The cards work by using radio frequency technology, similar to that used in e-toll passes, to exchange payment instructions between credit or debit cards and card terminals.

The credit card companies Visa - in partnerships with the National Australia Bank, ANZ and Macquarie Bank - and MasterCard - with the Commonwealth Bank - have been introducing the cards but have not undertaken heavy promotion until more retailers have the ability to accept them.

"This has meant that a lot of people are not aware that they have the technology sitting in their wallets today," said Albert Naffah, the vice-president for strategy at MasterCard Australia.

Several thousand merchants accept the cards, including Sumo Salad and 7-Eleven outlets.

The Visa card can be used for purchases under \$100 and the MasterCard can be used for purchases under \$35.

"They are aimed at replacing cash [which] still accounts for 70 per cent of transactions in Australia," a Visa spokeswoman, Judy Shaw, said.

The companies have denied that the cards are more vulnerable to fraud than traditional credit cards, but in the United States there have been fears about their security.

A 2006 study by American scientists found that contactless cards were vulnerable to so-called "skimming" attacks.

"An attacker with [a card] reader can harvest information from a card, create an inexpensive clone device, and make charges against the legitimate card," the report found.

But Mr Naffah said MasterCard's "PayPass" card must physically tap the scanner in order to be activated.

A spokeswoman for Commonwealth Bank said its technology could only be activated within four centimetres of a reader.

"You would probably notice someone coming that close to you with a reader," she said.

However, a privacy expert, Roger Clarke, said he was concerned about the cards.

The banks and credit card companies had not consulted with appropriate security and privacy experts before providing the cards to customers, Dr Clarke said.

"People who should have been aware that this was going on did not know it was happening," he said.

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