

## Sam's Club to Offer Chip-and-Pin MasterCard by End of This Month

June 5, 2014 - Late last month Target Stores announced that they would be introducing chip-and-pin technology to their branded credit cards. The announcement was made in the wake of last year's Target data breach that exposed 110 million American consumers to potential identity theft. Chip-and-pin is considered to be much more secure than the magnetic strip technology that is standard on American credit cards today. Although Target was the first major US retailer to announce the conversion, they will apparently not be the first US retailer to bring the technology to market. That distinction appears to be reserved for Sam's Club.

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Sam's Club - a division of Wal-Mart - has announced that it will begin issuing its MasterCard with chip-and-pin technology. The retailer expects to begin issuing the new cards before the end of June. In a statement issued by the company, Sam's Club said, "Each credit card has an embedded chip that makes the card more difficult to duplicate."

Chip-and-pin is the standard for credit cards issued in Europe, and has been for several years. The lack of the technology in American credit cards has made it difficult for Americans traveling overseas to use credit in some locations. American banks are aware of this issue but will typically only issue the cards to customers who request them. There are a number of reasons for this but the largest reason has been the cost of the cards. They can cost five times the amount of a standard credit card.

But resistance to the technology has waned considerably since Target's breach last year. Retailers and banks are learning the hard way that the cost of dealing with a massive data breach can be significantly higher than the cost of using technology to protect consumers. In Target's case, the company is facing multiple lawsuits from consumers and card issuers as well as a significant loss of business. Immediately after the data breach, which took place at the height of

the holiday shopping season last year, many consumers simply stopped shopping at the chain.

The Sam's Club announcement is likely speed up the adaptation of chip-and-pin technology across the United States. And that is very good news for consumers who are concerned with data breaches and identity theft.

by Jim Malmberg

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