
HOUSE CONCURRENT RESOLUTION

SUPPORTING THE ADOPTION OF CHIP AND PIN TECHNOLOGY BY ALL
FINANCIAL INSTITUTIONS TO IMPROVE THE SECURITY OF CONSUMER
FINANCIAL TRANSACTIONS IN THE STATE.

1 WHEREAS, the chip and PIN card is a form of smart payment
2 card that stores the payment card's information on a chip,
3 rather than a magnetic stripe like a conventional credit or
4 debit card; and

5
6 WHEREAS, chip and PIN technology is currently used by major
7 banks employing the Europay, MasterCard, and Visa technology in
8 their credit and debit card products; and

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10 WHEREAS, chip and PIN cards must be inserted into a card
11 reader where the card chip creates a transaction code unique to
12 that purchase, which employs an extra level of encrypted
13 security to the card's information; and

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15 WHEREAS, chip and PIN cards are much more secure than
16 magnetic-stripe cards because the information disclosed from a
17 sales transaction cannot be used to make additional purchases;
18 and

19
20 WHEREAS, a single fraudulent transaction resulting from the
21 theft of magnetic-stripe card information can cost a cardholder
22 thousands of dollars; and

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24 WHEREAS, United States card issuers are migrating to the
25 chip and PIN technology to protect consumers and reduce the cost
26 of fraud; and

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28 WHEREAS, on October 17, 2014, President Barack Obama issued
29 an executive order requiring executive departments and agencies
30 to transition payment processing terminals and credit, debit,



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1 and other payment cards to employ enhanced security features,
2 including chip and PIN technology; and

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4 WHEREAS, financial institutions have been reluctant in
5 replacing the estimated 1,200,000,000 magnetic-stripe debit and
6 credit cards with chip and PIN cards due to the costs, which are
7 estimated at about \$3.50 per card; and

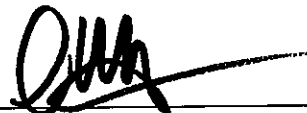
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9 WHEREAS, some retailers have also expressed reluctance in
10 upgrading or replacing the estimated 12,000,000 point-of-sale
11 terminals to accept chip and PIN cards, however the technology
12 is becoming an accepted standard in many businesses due to
13 consumer demand; now, therefore,

14
15 BE IT RESOLVED by the House of Representatives of the
16 Twenty-eighth Legislature of the State of Hawaii, Regular
17 Session of 2016, the Senate concurring, that the Legislature
18 requests that all financial institutions that issue credit or
19 debit cards to Hawaii residents or businesses replace those
20 cards with chip and PIN cards; and

21
22 BE IT FURTHER RESOLVED that all Hawaii businesses that
23 accept electronic payments are requested to upgrade or replace
24 their point-of-sale terminals to accept payment by chip and PIN
25 cards; and

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27 BE IT FURTHER RESOLVED that certified copies of this
28 Concurrent Resolution be transmitted to the Director of Commerce
29 and Consumer Affairs who in turn is requested to transmit copies
30 of this Concurrent Resolution to the five largest financial
31 institutions that issue credit or debit cards and the ten
32 largest retailers in the State.

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35 OFFERED BY: _____



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