

TYPES OF CREDIT CARD TECHNOLOGIES: TRADITIONAL TECHNOLOGY

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Credit cards became associate degree progressively vital a part of each consumer's finances. Banks currently have additional MasterCard customers than they need savings bank accounts. However, the merchandise is comparatively new. As a result, banks might not have anticipated the size to that this business would grow. They're thus performing on with a rudimentary technology even nowadays. Some elements of the globe have complete the growing importance of credit cards and have already rapt to a safer technology commonplace whereas the remainder of the globe continues to be within the method of doing so. During this article, are going to have a better cross-check the assorted forms of MasterCard technologies that are utilized in the globe nowadays.

Traditional Technology: Magnetic Stripe

The traditional technology that was used once credit cards were 1st introduced is named a mag tape. This is often the technology that's still getting used in most countries round the world. The matter with this technology is that it's extraordinarily unsafe for the patron. This is as a result of a mag tape technology encrypts all the MasterCard data on the mag tape on the rear of the cardboard. This is often the black coloured stripe that's used for swiping the cardboard. This contains data just like the MasterCard variety, end date, obtainable credit limit etc. once a bourgeois swipes the cardboard, this data is browse by the cardboard reader and victimization this data, the dealings is then closed Bertaut and Haliassos (2006). However, there's a big drawback with victimization this technology. The matter is that associate degree one will copy this sensitive data from your card victimization an elementary piece of hardware referred to as the skimmer. This derived data will then be accustomed produce another MasterCard that is largely the image of your existing card. The fraudster will then use this card to create purchases that may be beaked to you! Numerous cases of MasterCard data thieving are reported within the past few years. This has brought the vulnerability of this technology to the eye of the MasterCard corporations. Corporations everywhere the globes thus are creating aggressive moves to induce off the previous and noncurrent mag tape technology Pulawska (2021).

Secure Technology: Chip and Signature

The threat posed by the vulnerability of the mag tape technology may be quenched by employing a newer and higher technology. This is often referred to as the chip and signature technology. The additional formal name of this technology is Euro pay Master Visa or EMV. It's usually used across the ECU nations. However, different developing and developed nations together within the method of adopting this technology. The chip and signature technology

essentially uses a semiconductor rather than a mag tape to store sensitive MasterCard data. So the data concerning the cardboard is holding on the cardboard itself. Also, it can't be browse, hold on or taken victimization hardware just like the “*skimmer*”. A chip primarily MasterCard is significantly troublesome to clone as compared to a mag tape based MasterCard. A chip and pay card needs the bourgeois to possess a degree of sale terminal which will browse the data on the semiconductor. Once the data is browse, the dealings must be licensed with a physical signature. Since physical signatures may be simply cast, the technology isn't fully safe. Even supposing chip and signature protects against virtual thieving, it still has no thanks to defend against physical thieving.

Secure Technology: Chip and Pin

The chip and pin MasterCard is comparable to the chip and signature card in many ways. Here too the data is hold on a semiconductor that can't be simply cloned. Here too the vendor desires a special reasonably hardware at the purpose of sale terminal. The vital distinction here is that chip and pin technology needs users to verify themselves with the assistance of a pin. The pin is taken into account to be electronic signature and validation of the dealings Bulomine (2016). Therefore, even though somebody was to physically steal your card, they'd not be ready to use it. This is often as a result of they'd not have the desired pin to electronically authorize the transactions. Thus, the chip and pin technology is taken into account to be secure against virtual thieving yet as against physical thieving.

Fair Credit Request

Act Customers within the US are against the migration towards chip based mostly credit cards. This is often as a result of the honest Credit request Act that could be a federal statute prohibits the cardboard issuers from holding the cardholders responsible for associate degree quantity larger than \$50 within the event of card thieving (Nam et al., 2021). All major card process associations i.e. Visa, MasterCard, Discover specific additionally expressly mention that cardholders have \$0 liability within the event of the cardboard being physically or electronically taken then put-upon. The MasterCard corporations decide to amendment this. They're of the opinion that a chip and pin system provided a totally safe infrastructure for conducting transactions. If individuals incur liabilities despite such a secure network, then it's their fault and therefore the banks shouldn't be command to blame for it.

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