



BUSINESS DAY

Sam's Club Plans a Safer Credit Card

By ELIZABETH A. HARRIS JUNE 3, 2014

Sam's Club plans to announce a new credit card on Wednesday that will make it the first major American retailer to switch to a more secure payment card technology that has been widely discussed since a customer-data breach at Target late last year.

The new Sam's Club MasterCard will use EMV chip technology, which makes a card much more difficult to duplicate than those that use only a magnetic strip.

Chip cards are widely used in other parts of the world, like Europe, and have long been considered more secure, but few United States merchants are set up to process them. Walmart, Sam's Club's parent company, started installing chip-enabled terminals eight years ago, according to a spokeswoman, and today all Sam's Clubs and most Walmart locations can accept chip cards.

"This is all part of our road map to get to more secure transactions," said Mike Cook, assistant treasurer at Walmart.

The other major security technology widely used on credit cards elsewhere is PIN codes, which are more difficult to fake than a scribbled signature. The Sam's Club cards will be PIN enabled but will primarily verify users by signature. The next generation of the cards, however, will primarily require PIN verification when they are issued next year.

The Sam's Club MasterCard, issued by GE Capital Retail Bank, will be available June 23, and Walmart cards with chip technology will be issued this summer.

Target announced in April that it would speed its transition to chip-and-PIN technology in its stores and on its branded debit and credit cards. The company plans to be finished with the transition by early next year. That would have made it the first major retailer to make the transition, according to David Robertson,

publisher of the Nilson Report, a payment card trade publication. But by beating Target to the punch, Mr. Robertson said Sam's Club would now be first.

The Sam's Club MasterCard has been in the works since before the Target breach, a spokeswoman said.

Customers must be Sam's Club members to apply for the card, but it can be used anywhere MasterCard is accepted.

In addition to increased security, the card's other main feature is a cash-back program. Cardholders will get 5 percent cash back on certain fuel purchases, for example, and 3 percent back on restaurant spending.

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