

HELLO EMV





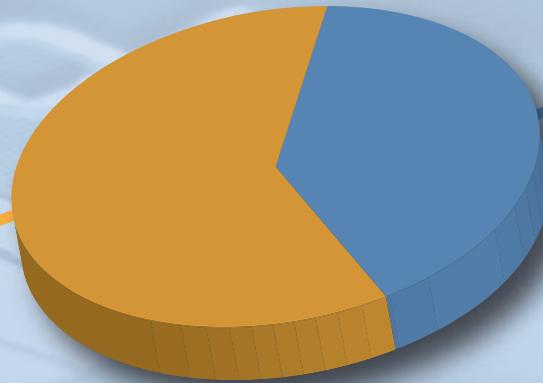
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U.S. Merchants

60%

are expected to convert to EMV-enabled devices by 2015.



40%

will convert to EMV-enabled devices by 2017.

ARE YOU READY?

Already adopted in Europe, Canada and the rest of the high-commerce world, EMV is the latest fraud-resistant credit card authentication technology for card-present transactions. With EMV coming to the US, how ready are you for it? To help you understand what EMV means to your business, we have put together this quick reference guide. We strongly advise you to take advantage of the information and other resources we provide to make the EMV adoption as effective and affordable for you as possible. Future-proof your business today and show your customers just how much you really care about fighting fraud and protecting their credit card data.

WHAT IS EMV

EMV, which stands for Europay, MasterCard and VISA, EMV's founding organizations, is a fraud-resistant computer-chip authentication protocol, designed to replace the fraud-prone magnetic stripe card authentication for point-of-sale terminals. It offers more security when it comes to prevention of card skimming, counterfeiting, and other credit card data breaches. EMV credit cards have a built-in chip that serves three main purposes: 1) Store credit card data; 2) Conduct transaction processing; 3) Provide dynamic cryptographic authentication.

An EMV-enabled card has a microchip that is used to send transaction data. EMV transactions require either a Personal Identification Number (PIN) or a traditional receipt signature.

A blue credit card is shown in the foreground, featuring a gold EMV microchip. The card displays a padlock icon, the number 0123 5587 6493 0000, and the date 03/20. To the right of the card is a gold EMV microchip. Further right is a numeric keypad with buttons for digits 1-9, *, and #. A hand icon is pointing at the keypad. Labels are placed over the chip and keypad: a blue box labeled 'EMV microchip' is over the chip, and an orange box labeled 'PIN Personal Identification Number' is over the keypad.

EMV
microchip

PIN
Personal
Identification
Number

WHY EMV

EMV's primary purpose is to reduce fraud. Fraud mainly comes from the use of lost, stolen, or counterfeited cards. Currently, when you swipe a credit card, the card's magnetic stripe communicates with the credit card machine to conduct the processing and apply all the rules put in place by the issuing bank and your merchant account provider. A key part of a credit card purchase is the transmission of encrypted data from the card machine to the card issuer. Every credit card has a verification code stored in its magnetic stripe, and when the card is swiped, this verification code is sent to the issuer to ensure the code matches the card's account number and expiration date. If something is inconsistent, the issuer may suspect fraud and decline the transaction. Thus, merchants and issuers have a degree of assurance that the card and cardholder are legitimate. In magnetic-stripe transaction, authenticity of the card itself is hard to verify. Of course, you always ask your customers for proof of identity to determine that the card belongs to whoever is making the purchase. However, this is not a silver bullet.

EMV credit cards contain a microprocessor chip, capable of not only verifying the authenticity of the card, but also encrypting transactional data for each transaction. Dynamic data encryption for each transaction makes it much harder for fraudsters to harvest data and use it for cloning credit cards.

First of all, let's talk about operational changes EMV may be bringing to your business. When you are presented with a credit card that has an embedded chip on the front of the card (see photo), you will need to process the transaction differently.

Normally, you would swipe a card, but with the chip card, you will need to insert the card into an opening in the credit card machine and leave the card inside the terminal for the duration of the transaction. **IMPORTANT:** Not all terminals are EMV-enabled; if you do not have an EMV terminal, we will be happy to provide it to you. Simply contact our office and we will make all necessary arrangements.



**WHAT DOES
EMV
MEAN
FOR YOUR
BUSINESS?**



Another important consideration in accepting EMV cards is an increase in transaction time. Most likely, an EMV transaction will take longer to process than a regular swipe transaction, and you might want to adjust your operations to address increased wait time, longer lines, etc. Such inconvenience shouldn't stop you from running EMV transactions; on the contrary, if you are presented with an EMV card, you **must** run the transaction as an EMV transaction.

Another fundamental change is a liability shift, set for October 1 of 2015. Parties not adopting EMV by this deadline could bear financial consequences of fraudulent transactions, as liability for fraudulent transactions will shift to the party in the payment process (issuer, processor or merchant) that provides the least security. In other words, you can be liable for a fraudulent payment if an EMV card is presented to you for payment and you can't process it because you do not have the right equipment.

EMV CHECKLIST

- Make sure you have an EMV credit card terminal by October of 2015 at the latest
- Get proper training for all involved on how to process EMV transactions
- Adjust your operations to accommodate the increase in transaction time (EMV-based transactions are longer than the regular swipe transactions)

**For further details and more information,
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Signature
Card Services
your path to EMV