

# Answers to Your Frequently Asked Questions About EMV

## 1. “What are the important dates related to EMV mandates?”

- October 2015 is when liability shifts from issuers to merchants for counterfeit card fraud. This shift occurs for card present transactions where the merchant is not using an EMV compliant device (with the exception of fuel merchants).
- October 2017 is when liability shifts to fuel merchants for counterfeit card fraud.
- EMV support is optional for merchants.

## 2. “What are the ramifications if a merchant is not EMV compliant?”

If a merchant chooses not to replace the non-EMV POS device with an EMV compliant POS device by October 2015, then the merchant is subject to the liability shift for card present counterfeit fraud transactions. If the merchant accepts a non-EMV card, has a EMV POS device and the transaction is fraudulent, the merchant has chargeback rights. If the merchant accepts an EMV card and does not have a EMV POS device, then the merchant does not have chargeback rights.

It would also be possible for a merchant to be liable for accepting a non-EMV card if it is a counterfeit magnetic stripe card.

## 3. “When will EMV-capable terminal applications be available?”

- EMV-capable terminal applications are in development. (Dates are subject to change.)
  - » Ingenico applications are targeted for Q3 2014
  - » VeriFone applications are targeted for Q4 2014
  - » Equinox applications are targeted for 2015
- Select new terminal models and peripherals will be certified as they are released to the market.
- Transaction Express® (TXP) EMV support is being reviewed.
- TransAction Central® and ePay will not be updated to support EMV.

## 4. “Is it true that some merchants can purchase a peripheral device for EMV acceptance instead of a new terminal?”

- The Equinox T4220, T4205 and M4230 (all soon to be reclassified as non-class A) will be able to function with an Apollo Consumer-Facing Device (CFD) once the hardware has been manufactured and the EMV-capable terminal applications are available. These devices must have a peripheral to function properly with EMV contact and contactless payment types.
- The VeriFone V<sup>X</sup> 570 and V<sup>X</sup> 610 will work with the VX 805 peripheral. These devices will work with the internal chip slot or a peripheral. VeriFone is in the process of developing applications and will advise regarding ability to support chip for all V<sup>X</sup> series terminals (including V<sup>X</sup> 510 terminals) with memory capacity greater than 3MB as they move forward in development.

## 5. “Will merchants that have EMV-capable terminals need to complete any downloads to enable EMV acceptance?”

Yes, merchants that have EMV-capable terminals will need a download to enable EMV acceptance and possibly a peripheral device for contactless EMV card processing.



## EMV Frequently Asked Questions (continued)

**6. “If a merchant does not have an EMV-capable VeriFone terminal do they have to upgrade the terminal or can they attach the VX 805 PIN Pad and complete a download to enable EMV acceptance?”**

The V<sup>X</sup> Series of terminals will support EMV with the VX 805 PIN pad, provided that those devices have 3MB or greater. A complete list will be provided once development has been completed.

**7. “Will the current card readers that were provided with Transaction Express® support EMV and contactless processing?”**

The current card readers deployed with Transaction Express will not support EMV or contactless processing. TransFirst will continue to deploy the current card readers if a merchant chooses not to support EMV. At this time TransFirst is evaluating what changes will be necessary to support EMV and contactless processing through the Transaction Express system.

**8. “Will a merchant see any cost savings by becoming EMV compliant; what is the benefit?”**

A cost savings benefit a merchant will receive is a reduced risk of losses for counterfeit fraud chargebacks.

**9. “How will EMV requirements impact mobile/micro merchants (i.e. PayFox®)?”**

EMV liability shift affects all card present transactions. There is no distinction for mobile/micro merchants.

**10. “Are EMV requirements applicable to Aggregators/PSPs (i.e. Square®, etc.)?”**

Yes, EMV requirements apply to Aggregators/PSPs card present transactions.

**11. “What is the current and forecasted percentage of U.S. consumers with EMV-capable cards (or contactless cards/devices) over the next 3 years?”**

- According to the EMV Migration Forum, as of December 2013 there were 12.7 million EMV cards issued in the U.S.
- MasterCard® EMV cards are predominantly issued on an “at request” basis, usually for international travel.
- The number of EMV cards issued by American Express® and Discover® in the U.S. is not available.
- The card brands have not published the forecasted percentage of U.S. consumers with EMV-capable cards (i.e. chip/NFC) over the next 3 years.
- PYMNTS.com published the following:
  - » Out of the 1 billion cards that are in use in the U.S., only 20 million EMV cards have been issued. By the 2015 deadline if the current trend continues, only 20 to 30 percent of U.S. cardholders will have the new EMV cards.



### 12. “To be EMV compliant does a merchant need to support chip-and-PIN, chip-and-signature and NFC?”

- **Visa**
  - » Credit card supports chip-and-signature
  - » Debit cards will support PIN
  - » Require processors to support NFC, however merchants are not required to support NFC although it is strongly encouraged.
- **American Express and MasterCard**
  - » Require processors to support chip-and-PIN
  - » Merchants must support NFC in order to qualify for liability shift.
- **Discover and MasterCard**
  - » Require processors to support online and offline PIN support. Offline PIN support is when the terminal validates the PIN.

### 13. “If I am EMV compliant do I still need to be PCI compliant and incur PCI related validation fees?”

Merchants must maintain PCI compliance.

### 14. “What is the estimated “realistic” exposure (from a financial perspective) to a merchant, if they are not EMV compliant, post 2015 liability shift?”

The merchant’s liability depends on the amount of counterfeit fraud chargebacks they have.

### 15. “What if any differences in EMV requirements are there for cash advance merchant accounts?”

There are no unique EMV requirements for cash advance merchants. They have the same liability shift as all card present merchants.

### 16. “What dates surround the Visa contactless requirement?”

Effective January 1, 2015, Visa contactless readers must support the Visa payWave® message format and no longer support the early adopter message format. Visa does not require merchants to support contact and contactless, but strongly encourage it.

### 17. “Are there any expected changes for CNP (MOTO and e-commerce) transactions regarding EMV technology?”

The card brands have not announced EMV support for CNP at this time.

### 18. “If a merchant chooses not to upgrade their equipment to accept EMV, will they still be able to process transactions?”

Yes, however they are subject to the liability shift for card present counterfeit fraud chargebacks.



## EMV Frequently Asked Questions (continued)

### 19. “Will we “end-of-life” (EOL) the terminal and application requiring the merchant to upgrade equipment?”

No, TransFirst will not EOL the terminal and application requiring the merchant to upgrade, but TSYS® may EOL a terminal, application or both. TransFirst uses TSYS as our front-end terminal authorization platform so TSYS controls what terminals and applications are supported. At some point their equipment will reach end of life or fall out of PCI PIN Transaction Security (PTS) compliance and when it breaks merchants will need to purchase/lease a new terminal. All new terminals will be EMV compliant.

### 20. “Are there EMV readers for mobile devices and TXP Virtual Terminal?”

TransFirst is reviewing and evaluating EMV approved devices at this time and will provide updates when we conclude the evaluation process.

### 21. “When will TransFirst begin processing EMV cards?”

TransFirst will begin processing EMV cards after regression testing is performed on terminal applications that TSYS is certifying with VeriFone, Ingenico and Equinox.

### 22. “Will there be new interchange categories for chip cards?”

Currently the card brands are not offering new interchange categories for chip cards. Also, American Express does not have or charge interchange. TransFirst’s statement billing to merchants for American Express Cards is based on fees from American Express to processor. These fees are tiered by the merchant’s industry classification and transaction amount. Other fees that may apply include card not swiped, network, inbound and access charges billed by American Express to the processor.

### 23. “What are the most significant differences between EMV and magnetic stripe transactions from a security prospective?”

- Magnetic stripe data is static; the data is the same each time the card is used at all terminals and is easily cloned.
- EMV incorporates cryptographic algorithms with dynamic data to ensure the card is authentic which makes cloning extremely difficult.

### 24. “What are the differences between device readiness and software readiness for EMV?”

- The device must have the ability to communicate with the chip card via contact or contactless.
- The software drives the device, allowing it to authenticate the card and card holder as well as authorize the transaction either online or offline with the chip.

### 25. “Do gateways need EMV certifications?”

Yes, but only if the gateway plans to support EMV card present processing. The gateway will need to certify for EMV processing with its authorization network(s).

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