EVO PAYMENTS INTERNATIONAL UNITED STATES

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EMV® IN THE USA

Fighting Fraud with Smart Chip Technology

An EVO Payments International White Paper

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The fight against card-present fraud at the point-of-sale takes a significant step forward on October 1, 2015, with the adoption of EMV chip-based technology in the U.S. It's the date when in-store fraud liability shifts from financial institutions that have invested in chip technology to merchants who have not upgraded to EMV.

WHAT IS EMV?

EMV is smart chip technology that stands for **E**uropay/**M**asterCard/**V**isa. The magnetic stripe on your credit card is being replaced with a tiny computer called a microprocessor. Instead of swipe-and-sign transactions, you insert your card into a slot and the EMV-enabled terminal reads a microchip for an added layer of data security that essentially eliminates counterfeit card fraud. Watch our 2-minute EVO EMV video for a quick tutorial.

WHY EMV?

EMV technology is the global standard that's been in use in 80 countries outside the U.S. for more than 20 years. In October 2015, the U.S. is upgrading to EMV chip cards to ensure more secure payments. Traditional magnetic stripe cards can still be used after that date but will be phased out over time.

WHY NOW?

In an era of large-scale security breaches at well-known brands that have compromised the personal data of millions of consumers, the U.S. payments industry's adoption of EMV smart technology will:

- Reduce counterfeit card fraud
- Enhance cardholder data security
- Expand global card acceptance for easier payment travel
- Increase international sales opportunities
- Drive card acceptance innovation into the digital age

EMV may not solve every security issue, but chip-based technology should give consumers added confidence when it comes to card fraud and identity theft at the point of sale.

WHY UPGRADE?

Merchants who don't invest in EMV technology may be held financially liable for card-present fraud that could have been prevented by a chip-enabled POS system. That means as of October 1, 2015, a merchant still processing with the old-fashioned magstripe payment infrastructure would be liable for any losses resulting from a fraudulent, card-present transaction involving a customer with an EMV chip card. Conversely, if the merchant is processing transactions with an EMV terminal – but the customer has not been issued an EMV-compliant card by his or her bank – the bank would be financially responsible. In other words, liability for fraud shifts to whichever party is the least EMV-compliant.

47.3% of the world's credit card fraud takes place in the US despite the fact that Americans generate only 23.5% of total volume.

> Source: The Nilson Report, August 2013

Counterfeit fraud in the UK over the past decade has decreased 70% since the adoption in 2003 of EMV chip-and-pin technology.

> Source: Barclays

Credit card fraud rates doubled to 10 basis points, 10 cents out of every $100 transacted, from 2007 to 2014.

> Source: Aite Group

USING AN EMV SMART CARD

EMV chip technology reads credit card data differently. Instead of swiping your card, you insert it face up into the terminal – a slot located on the bottom-front of the device – and leave it there until the transaction is completed. This lets the EMV-enabled device communicate with the chip inside the smart card to determine if the card is legit.

EMV AND CARD-NOT-PRESENT (CNP) TRANSACTIONS

In the U.S., EMV technology doesn't solve the problem of eCommerce fraud. However, authentication tools used in other countries that keep card-not-present transactions secure are likely to be adopted here in the future.

THE BOTTOM LINE

Adopting EMV at the POS makes sense in so many ways:

- It provides wary consumers with virtually fraud-proof smart cards.
- It protects merchants from bearing the brunt of liability when fraud does occur.
- It prepares any size retailer for the next generation of electronic payments, including contactless cards and mobile wallet transactions.

Upgrading to EMV is the surest way not to end up the easiest target for counterfeit fraud. And considering that EMV-enabled terminals cost less than a couple hundred dollars, it may be the best money a merchant ever spent *preventing* fraud instead of *proving* it.

ABOUT EVO PAYMENTS INTERNATIONAL

Payment Solutions for Everyone

Founded in 1989 and based in New York, EVO Payments International is among the largest fully integrated merchant acquirer and payment processors in the world. EVO operates as a payments service provider for both face-to-face and eCommerce transactions for all major credit cards, debit cards, commercial cards and electronic bank transfers.

EVO processes in 50 markets and more than 130 currencies around the world. Through its European subsidiary, EVO operates as a principal member of MasterCard Worldwide and Visa Europe.

Our flexible solutions can help you establish a merchant credit card processing account, integrate a point-of-sale application, set up electronic payment processing and more.

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