Why EMV Now in the USA?

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USA Market Drivers

- EMV Liability Shift
- Fraud Reduction
- Complementary to PCI
- US International Travelers
- International Influences
EMV Roadmap

**Tech Innovation Program (TIP)**

**October 2012**
PCI Validation relief for merchants that adopt dual interface terminals

**VISA**

**Acquirer Chip Processing**

**April 2013**
Require acquirer processor support for chip processing

**Liability Shift**

**October 2015**
For debit and credit domestic and cross border liability shifts at all POS excluding AFD

**Liability Shift**

**October 2017**
Expanded liability shifts to include automated fuel dispensers (AFD)

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**2012**

**October 2013**
ADC relief takes effect (50%)

Interregional Maestro liability shift

**2013**

**2014**

**2015**

**October 2015**
ADC relief takes effect (100%)

**2016**

**October 2016**
ATM Liability Hierarchy takes effect

**2017**

**October 2017**
ATM Liability shift
Why Chip and Why Now?

- Security & Fraud
- Future Innovation
- Global Standard
- Global Interoperability
Fraud Reduction

- Counterfeit
- Replay Attack
- Skimming
- Delinquency
- Lost & Stolen
Fraud Reduction

- EMV 101 module will help you understand the technical details on how EMV prevents fraud

<table>
<thead>
<tr>
<th></th>
<th>Counterfeit</th>
<th>Skimming</th>
<th>Delinquency</th>
<th>Lost &amp; Stolen</th>
<th>Replay Attack</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offline Transaction</td>
<td>SDA, DDA and CDA</td>
<td>DDA and CDA</td>
<td>Card Risk Management</td>
<td>Offline PIN</td>
<td>TC with ATC Variance</td>
</tr>
<tr>
<td>Online Transaction</td>
<td>EMV Cryptogram (ARQC/ARPC)</td>
<td>EMV Cryptogram (ARQC/ARPC)</td>
<td>Issuer Risk Management</td>
<td>Offline or Online PIN</td>
<td>ARQC with ATC Variance</td>
</tr>
</tbody>
</table>
EMV & PCI Complementary

- EMV and PCI focus on different fraud attack vectors
- EMV uses cryptography to validate card and transaction data
- PCI focuses on protecting cardholder data
- Result is EMV is being developed with P2PE and Tokenization to maximize fraud protection
Domestic Issuing & International Travelers

- US cardholders travelling internationally continue to experience acceptance issues with magstripe only cards.

- US issuers have been issuing Chip&Choice (Signature and PIN) (i.e. 575 million cards expected in the market by end of 2015)

- Debit implementation now resolved but has been a concern for some issuers

- Banks are issuing US cards as part of their natural 3-5 year reissuance cycle
U.S. Chip Card Progress and Projections

EMV Migration Forum projects more than 120 million chip cards and 4.5 million EMV-capable terminals will exist in the market by the end of 2014

Other predictions
• *Aite Group* predicts that 70% of U.S. credit cards and 41% of debit cards will be EMV-enabled by the end of 2015
• *Javelin Strategy & Research* forecasts that 166 million EMV credit and 105 million EMV debit/prepaid cards will be in circulation in the U.S. by the end of 2015
• The *Payments Security Task Force* expects to see 575 million chip-enabled payment cards by the end of 2015
US issuers have now started to include chip card functionality as part of their standard card portfolio:
International Influences

- Magstripe removal to occur in the future
- Interac (supported by NYCE) will no longer accept magstripe transactions end of 2015
- UnionPay
  - Accepted in 141 countries including Canada and the USA
  - Joined EMVCo in 2013 as a full member

Sources: Nilson Report, National Gold Card Foundation, EMVCo