



## **EMV (Europay, MasterCard, and Visa) Merchant FAQs**

### **Is there an important chip card date for merchants?**

Yes. The important fraud liability shift took place Oct. 1, 2015. After that date, merchants who have installed a chip-enabled terminal that interacts with EMV chip cards are protected from financial liability for some types of card-present fraud.

### **Are merchants required to switch to chip-enabled terminals?**

No. This is not a requirement but it could be costly if they don't. That's because of the liability shift. Effective October 2015, merchants could be held liable for the costs of a fraudulent transaction if the person paying at their terminal has a chip card but has to swipe the magnetic stripe on the back of the card to complete their transaction.

### **What happens if a merchant doesn't convert to chip-enabled terminal?**

If a merchant has not converted its payment processing to a chip-enabled technology the merchant could be held liable for the fraudulent transaction. The risk of accepting card transactions will be greater since the chargeback rights will now align with the chip-card. The liability for fraud will now be with the retailer.

### **Is there a reason this is happening?**

The goal in the U.S. is that all debit and credit cards will be issued with chip technology and all merchants will convert to chip-enabled terminals. While the full process will likely take a few years, this combination is expected to significantly reduce card fraud at point-of-sale transactions, which has been the case in other countries that have already converted to chip cards.

### **Are there other reasons merchants should have chip-enabled terminals?**

Customers have become increasingly concerned about the security of card payments as they hear more about data breaches and the potential for credit and debit card fraud. In countries where chip cards and chip-enabled terminals have been in use, the incidence of card-present fraud has fallen. Knowing that their transactions and account information are more secure is reassuring to cardholders. The prospect of reducing the costs of card-related fraud should also be an incentive to merchants.

### **Are chip-enabled terminals expensive?**

There are costs involved in upgrading to chip-enabled terminals, but those costs could more than offset potential fraud-related expenses. Merchants should contact their payment services provider to obtain details regarding the requirements for making the conversion.

### **Will making payments at a chip-enabled terminal take longer?**

Yes, the payment process will take a bit longer. Rather than swiping their debit or credit card, cardholders will insert their chip card into the card-enabled terminal and leave it there during the full transaction. That allows communication between the card, the terminal and the payment networks to verify the card and authorize the transaction. The cardholder will either sign their name or enter their PIN as necessary to complete the transaction, based on the cardholder verification method determined by the chip card and chip-enabled terminal.

### **Will employees need to be trained?**

Yes. It is essential that the merchant's employees know how the process works so they can assist cardholders during a transaction as necessary. Merchants should talk to their payment services provider about training options.

### **Can chip cards be used anywhere?**

Yes. Chips cards can be used virtually anywhere a particular brand of card is accepted in the U.S. and around the world. Chip cards will work in both chip-enabled and swipe terminals. If a cardholder tries to swipe a chip card in a chip-enabled terminal, they will be prompted to insert the card to complete the transaction. If a terminal is not chip-enabled, a chip card can still be swiped to read the magnetic stripe on the back to complete the transaction.

### **What is the difference between chip/signature and chip/PIN?**

Depending on the card and the transaction, cardholders may be asked to provide either a signature or a PIN to complete a transaction. Some transactions could be completed without either a signature or a PIN.

### **Will chip cards prevent data breaches?**

While chip cards won't prevent the types of data breaches that have hit some merchants, they do make it extremely difficult and costly to produce counterfeit cards from stolen data, and since each chip card transaction is unique, a specific transaction number can't be used again.

### **What about online and phone transactions?**

These card-not-present transactions don't change, and chip cards don't make them more secure.

### **How long does conversion to chip-enabled terminals take?**

Merchants will need to contact their payment services provider to assess their needs; determine costs; establish timelines for installation, testing, and staff training; and then implement the conversion in a way that is best for them.

### **Who should merchants contact for more information?**

Merchants should contact their payment services provider for information about their options and potential conversion timelines.