

EMV CHIP CARDS AND TRANSACTIONS

WHAT IS A CHIP CARD AND HOW CAN YOU RECOGNIZE ONE?

Chip cards, also commonly referred to as 'smart cards', 'chip and PIN cards' or 'chip and Signature cards' contain an embedded microchip rather than just the standard magnetic stripe. This chip allows for more functionality (including security data and software) compared to the magnetic stripe, which only stores data.

You may have noticed some customers already have chip cards as they are widely used across Europe, Asia and Canada. Banks in the USA are currently introducing chip cards and they will become more common over the coming months.

The chip is generally located on the left hand side, on the front of the card.

WHAT IS EMV AND HOW DOES IT WORK?

EMV stands for Europay, MasterCard and Visa, a set of international standards created by the credit card association.

EMV is a joint effort initially conceived to ensure worldwide interoperability and provides a more secure system for card payments.

EMV chip cards store payment information in a secure embedded microchip that assigns a unique code using dynamic data during the authentication process, every time a customer uses their card. Unlike a magnetic stripe card, it is virtually impossible to create a counterfeit EMV card that can be used to conduct an EMV card present payment transaction successfully.

As EMV use expands and more users move away from the magnetic stripe to chip only cards, merchants that have not converted may find they are turning away business. U.S. merchants are not required to support chip processing. However, there are key advantages to those who convert.



EMV ENABLED VS. NON EMV ENABLED PAYMENT PROCESSING

	EMV Enabled	Not EMV Enabled
Fraud	Reduced and less likely	Occurs more frequently and is more likely
Card Data Security	High and cardholder information is safer	Low and cardholder information can be stolen
Counterfeit Cards	Less likely and difficult to produce	Easily produced and reproduced
Merchant Liability	No shift in Liability for fraudulent card transactions for card-present purchases*	Could be Liable for fraudulent card transactions for card-present purchases*

WHY IS THE FINANCIAL INDUSTRY MOVING TO EMV AND CHIP CARDS?

Credit card fraud has reached epidemic proportions in the U.S. In fact, the U.S. experiences \$8.5 billion in annual fraudulent credit card transactions. To combat fraud and increase security, EMV and chip cards are being introduced into the U.S.

The reduction in fraud to businesses that have converted to EMV has been significant. To name just a few cases:

Losses at U.K. retailers have fallen 67% since 2004. Lost and stolen card fraud fell by 58% between 2004 and 2009 according to the UK Cards Association.

Since the roll-out began in Canada losses from debit card skimming from CAD \$142M in 2009 to CAD \$38.5M in 2012 according to Interac Association.



BE PAYMENT READY

CHIP CARD TRANSACTION INSTRUCTIONS

WHEN PERFORMING AN EMV CHIP CARD TRANSACTION:

- 1) When performing an EMV chip card transaction, insert the card into the Smart Card Reader slot with the chip contact facing upward
- 2) Leave the chip card in the slot until the transaction is completed and the terminal prompts you to remove it
- 3) The terminal will guide you through the transaction process – simply follow the on-screen prompts
- 4) When processing a transaction you may or may not want to include a tip, below are instructions on how to perform a tip and non-tip transaction
- 5) Remove the chip card when the terminal prompts that the transaction is complete

WITHOUT TIP

- 1) Begin the purchase transaction
- 2) Check for the Chip
- 3) Insert the Chip Card when prompted
IMPORTANT: DO NOT remove the card until prompted
- 4) Follow the prompts
- 5) Remove the Chip Card when prompted
- 6) Transaction is complete



WITH TIP

If you would like to use the tipping functionality you will need to turn on the EMV tipping functionality.

To turn it on your terminal needs to be set to 1 on the file which is Tip after sale (in the terminal options it is called 'Std Tip Only'). In the terminal you will need to make sure the option called 'Bypass Tip' is set to off.

- 1) Begin the purchase transaction
- 2) Check for the Chip
- 3) Insert the Chip Card when prompted
IMPORTANT: DO NOT remove the card until prompted
- 4) Follow the prompts (The terminal will ask for sale amount and then will ask Tip Required)
To input you will need to answer yes to add the tip right away
- 5) Remove the Chip Card when prompted
- 6) Transaction is complete

Note: EMV cards require you to add the tip to the sale while card is still in the terminal. This is because once you remove the card adjustments can not be made.

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