EMV – Just the Facts
Ozarks Association of Government Accountants
Speakers and Housekeeping

EMV: Just the Facts Presentation

Brad Hench
Regional Sales Manager
US Bank|Elavon

45 minute presentation

10 minute Q&A after presentation
Agenda

EMV – Just the Facts

- EMV Liability Shift Date & Impact
- EMV Benefits
- New Developments
- Elavon Recommendations
- How We Can Help
- Q&A
EMV: Why Now?

- Cardholders carry EMV cards
- Technology is quickly evolving
- Chargeback liability shifts approaching
- Protect your customers and yourself

Elavon
Liability Shift Date

The Handwriting is on the Wall…
EMV is here and significant change is coming

2013
• Acquirer Chip Processing Mandate - Requires acquirer processor to support

2015
• Liability Shift - Debit and credit domestic and cross-border counterfeit & fraud shifts at all POS excluding AFDs

2017
• Liability Shift - Expanded Liability shifts to include Automated Fuel Dispensers (AFDs)

October 1, 2015 Liability Shift. Merchants are liable for:
- Visa: Counterfeit transactions
- MC & AMEX: Counterfeit and Lost or Stolen transactions
- Discover: “Liability Shift” still to be determined
EMV Customer Impacts

- New Terminals
- New POS Systems
- EMV Certifications
- EMV Debit and Contactless
EMV Cardholder Impacts

- New cards issued
- PINS as well as signature on credit cards
- Card stays in terminal
- More security – less risk of cloning cards

- New payment options
- Contactless
- Mobile – ApplePay, Google Wallet, etc.
# EMV – What it is… and What it isn’t

**EMV will:**
- Prevent counterfeit fraud at the point of sale
- Protect against counterfeiting cards
- Create a different point-of-sale experience ("dip" vs "swipe")
- Store cardholder data on a chip
- Require a new card
- See growing adoption in the U.S. in the next 12-18 months

**EMV will not:**
- Protect against card-not-present fraud
- Prevent data breaches
- Always require a PIN
- Be vulnerable to wireless interception of data
- Eliminate the need for magnetic stripe
- Be universally adopted in the U.S. for 3-4 years
EMV Benefits

Enterprises

• Fewer chargebacks due to card skimming fraud
• Eliminate exposure for October 2015 liability shift
• Increase cardholder satisfaction
• Helps foster the adoption and integration of other payment technologies in the future

Cardholder

• Peace of mind
• Consumers never lose sight of their card
• Global interoperability (chip cards can be used in US and Europe)
• Will support payments via mobile utilizing NFC
<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EMV Cards</td>
<td>Adoption Rate</td>
<td>EMV Cards</td>
</tr>
<tr>
<td>Canada, Latin America, and the</td>
<td>471M</td>
<td>54.2%</td>
<td>544M</td>
</tr>
<tr>
<td>Caribbean</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>942M</td>
<td>17.4%</td>
<td>1,676M</td>
</tr>
<tr>
<td>Africa &amp; the Middle East</td>
<td>77M</td>
<td>38.9%</td>
<td>116M</td>
</tr>
<tr>
<td>Europe Zone 1</td>
<td>794M</td>
<td>81.6%</td>
<td>833M</td>
</tr>
<tr>
<td>Europe Zone 2</td>
<td>84M</td>
<td>24.4%</td>
<td>153M</td>
</tr>
<tr>
<td>United States</td>
<td>-</td>
<td>-</td>
<td>101M</td>
</tr>
</tbody>
</table>

*Figures reported in Q4 of 2013, 2014, and 2015, respectively, and represent the latest statistics from American Express, Discover, JCB, MasterCard, UnionPay, and Visa, as reported by their member institutions globally.*
Market Insights

Merchant Acquiring View

“... at least 47% of U.S. merchant terminals will be enabled for EMV chip technology by the end of 2015.”
- Payments Security Task Force (PST), Oct 2014
* Based on forecasts from acquirers representing 80% US volume

Card Issuing View

First Annapolis estimates 21% EMV penetration for credit cards issued by the end of 2014... 99% EMV penetration forecasted by end of 2017.
- First Annapolis, Aug 2014

Comprehensive Secure Payments

EMV, encryption and tokenization work together to solve security threats.
- EMVCo, Jul 2014
EMV and Card Present Fraud in UK and Canada

**UK**
Losses have fallen by 67% since 2004
Lost and stolen card fraud fell by 58% between 2004 – 2009
Mail non-receipt fraud has fallen by 91% since 2004

**Canada**
Losses from debit card skimming fell from CAD$142 M in 2009 to CAD$38.5 M in 2012
Interac debit card fraud losses from skimming fell to record low of $29.5 million in 2013

**US**
Savings from counterfeit fraud prevention across all issuers could total as much as $700 million annually.

source: EMV Connection
EMV Lessons Learned

Learning from Other Countries
EMV has been successfully rolled out in several countries over the past decade including U.K., Canada, France, Australia, Brazil and Mexico.

Why EMV Alone is Not Enough

• Criminals shifted tactics to perpetrate different types of card fraud
• EMV rollout was followed by an increase in Card Not Present (CNP) and counterfeit card fraud
• Companies that adjusted strategies to combat other forms of fraud usually experienced a quick decline in overall fraud rates
• Remaining vigilant is critical as criminals continue to evolve their tactics
Nobody wants to be the next breach story

70 Million affected by security breach

Major retail breaches highlight point-of-sale security weaknesses
How can we protect payment data?

The Security Toolbox

The toolbox must be accompanied by business practices and processes designed to reduce exposure and control risk.

- EMV
- Encryption
- Tokenization

PCI DSS Compliance

Your Security Foundation
The Layered Approach
Elavon’s Recommendation

Don’t Wait! Start Today.

Conduct a risk assessment and evaluate existing business practices and procedures

• How much of your business is Card Present vs Card Not Present?
• Work with your Elavon Client Manager to determine your pre-EMV fraud rate and expected post-EMV fraud rate

Define an EMV strategy that suits your organization.

• What are the software and equipment requirements? What is the timing?

This is an excellent time to also consider options for enhancing payment security

• Create a plan for implementing a layered security approach to protect payment and customer data. Security should be everyone’s job.

Implement controls to mitigate exposure and risk

TALK TO US. ELAVON CAN HELP.
Elavon and EMV: Countertop Terminals

- VX680B Bluetooth Short-range wireless
- VX680G GPRS long-range wireless
- iWL220B Bluetooth Short-range Wireless
- iWL250G GPRS Long-range wireless
- iCT250 Countertop
- VX520 Countertop
- VX820 EMV PIN Pad
- iCT220 Countertop
- iPP320 EMV PIN Pad (iCT220 and iCT250)
Questions and Answers
THANK YOU
for attending today’s presentation.

If you have any questions, please contact:

Brad Hench
Regional Sales Manager
US Bank|Elavon
678-731-4419
Bradford.hench@usbank.com