

A conversation between Randy Karnes and Geoff Johnson on the “Vantiv Apple Pay™ NFC Payment Solution Overview for FIs” presentation

Prepared for the CEO Roundtable, November 5, 2014



Randy: *Geoff, what do you see as the cost of the process?*

Geoff:

1. EMV costs: the totals here are tied to the a per project cost (thousands of dollars – variable based on your vendor). Back office costs. New BIN costs. New EMV cards are running about double of current plastic costs.
2. Apple Pay costs: The following Visa (VTS-Visa Token Services) and MasterCard (MDES – MasterCard Digital Enablement Services) fees are supposed to be waived until 01/01/2016.
 - Apple Pay credit transaction 15 basis points based on eligible transaction amount
 - Apple Pay per eligible debit transaction \$.005
 - VTS & MDES Fees
 - Lifecycle management/ residency - \$0.02 monthly per PAN
 - Token provisioning - \$0.08 per device token -MDES
 - Token provisioning - \$0.07 per device token-VTS
 - \$0.025 Alternate Network Call Out

Above fees will be handled via a pass through to the FI

Randy: *What are the issues getting this started as a novelty and making it real for every card program? Between EMV and Apple Pay, how much work is this?*

Geoff:

- Only applies to consumer debit and credit cards at this time.
- Need to coordinate with Apple, Visa/ MC and your EFT vendor.
- Supposed to require both debit and credit of Apple Pay per FI go live at the same time. Not sure how this will be enforced if an FI has separate switches for debit and credit?
- T&C (sign as it is) and Fees from Apple are nonnegotiable.
- FI must have Apple enabled devices to test.
- Association and required Apple paperwork:
 - Terms & Conditions
 - Token provisioning rules
 - Card Art
 - Token BIN range assignment
- MasterCard estimates 8-10 weeks to go live including certification and testing. Visa has not provided project timelines.

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- No Core DP integration – only way that we would know at CU*Answers is based on codes that will be provided by the EFT vendor that the card was Apple Pay.

Randy: *With Apple Pay having to support EMV – what does that really mean?*

Geoff: This really won't change much about the process from the CU nor CU*Answers standpoint. Interesting to see if EMV really rears its head in the Apple Pay at all or if it will quietly go away.

Randy: *Is the EFT vendor just using the hype on Apple Pay to encourage EMV processes here or is it real? Or is Apple Pay just using EMV token concepts assuming that is the new norm?*

Geoff: Today I believe that Apple Pay has more traction than EMV. I continue to hear comments from market players that EMV will be here and well behind the technology curve before we know it.