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# Understanding EMV

*A monthly CU\*Answers publication keeping you updated on what will soon become a new US standard for card processing: EMV chip-card technology*

## What is EMV?

EMV is fraud-protection technology by which a microchip is embedded in ATM, debit, and credit cards. EMV, which stands for Europay, MasterCard, and Visa (the three companies that developed the technology), is part of a global initiative to combat fraud and protect sensitive card data. Widely used in Europe and soon to be used in the US, EMV technology has proven to reduce fraud losses from card-present transactions.



## When will American card vendors begin using EMV?

American card vendors will begin using EMV technology in October 2015.

## What will happen when EMV is implemented?

When EMV is implemented, a liability shift for point-of-sale transactions will be in effect. The party (either the merchant or the issuer) that supports the most secure method of payment will avoid liability. For example, if the credit union (issuer) has a card with a chip and the business (merchant) does not have a chip reader, then the party with the most secure method of payment would be the credit union, so the business would be responsible for any fraud. Likewise, if the business has a chip reader, and the credit union does not have a chip in their card, then the business has the greater security and the credit union would be responsible for any fraudulent transactions. It is important to note that this will be a liability shift and not a mandate, so credit unions will not need to issue chip cards.

## What are the costs of EMV for credit unions?

Credit unions that are considering switching to EMV cards have several costs to consider. We've outlined some of these costs below, which are all approximations:

- EMV cards: \$2 - \$5 per card
- One-time implementation fee: \$12,500
- One-time back-office fee: \$750
- BIN fee: \$1250 per BIN
- Hardware to support EMV instant card issuance: \$30,000



## What has CU\*Answers heard so far from card vendors?

Our credit card EFT vendors have said that they will be ready to support EMV in time for its implementation. Our debit card EFT vendors are still working out logistics on how they will exchange the details necessary to support EMV. Vantiv, Star, FIS and COOP have all sent us details in regards to the changes to their platforms for supporting EMV. We are currently reviewing these specifications and will complete the analysis of their changes to address any impacts to our process. We have contacted all other EFT vendors and are awaiting their feedback.

## How can credit unions prepare for the implementation of EMV?

To prepare for the implementation of EMV, we recommend contacting your EFT vendor to inquire about:

- Their EMV rollout plan
- Decisions they still need to make about EMV implementation
- Decision-making deadlines your credit union will need to meet
- Costs your credit union will need to consider
- New equipment your credit union may need
- Transactions and how they will work
- Procedures for ordering new and replacement/reissued cards