

Navigating EMV

WHAT DOES THAT MEAN FOR MY BUSINESS?

You've likely heard the noise about the impending liability shift surrounding the secure processing of EMV¹ (Europay MasterCard² Visa³) chip cards. Some sources claim you need to implement EMV-enabled payment terminals as soon as possible, while others advise a wait and see approach. Determining the best course of action for your business can be confusing.

The truth is that the liability shift means different things to different businesses. In the past, merchants were not routinely held responsible for fraudulent transactions that occurred through no fault of their own. After the liability shift, assigning "fault" is a lot more complicated.

We have created this tool to help you understand the basics of the liability shift, as well as the finer details of liability after October 2015.

U.S. Liability Shift

Chip technology is becoming the global standard for credit card and debit card payments. To increase the adoption of chip technology, Visa, MasterCard, Discover and American Express will implement a liability shift for domestic and cross-border counterfeit transactions effective October 2015. Once this goes into effect, merchants who have not made the investment in chip-enabled technology may be held financially liable for card-present fraud that could have been prevented with the use of a chip-enabled POS system.

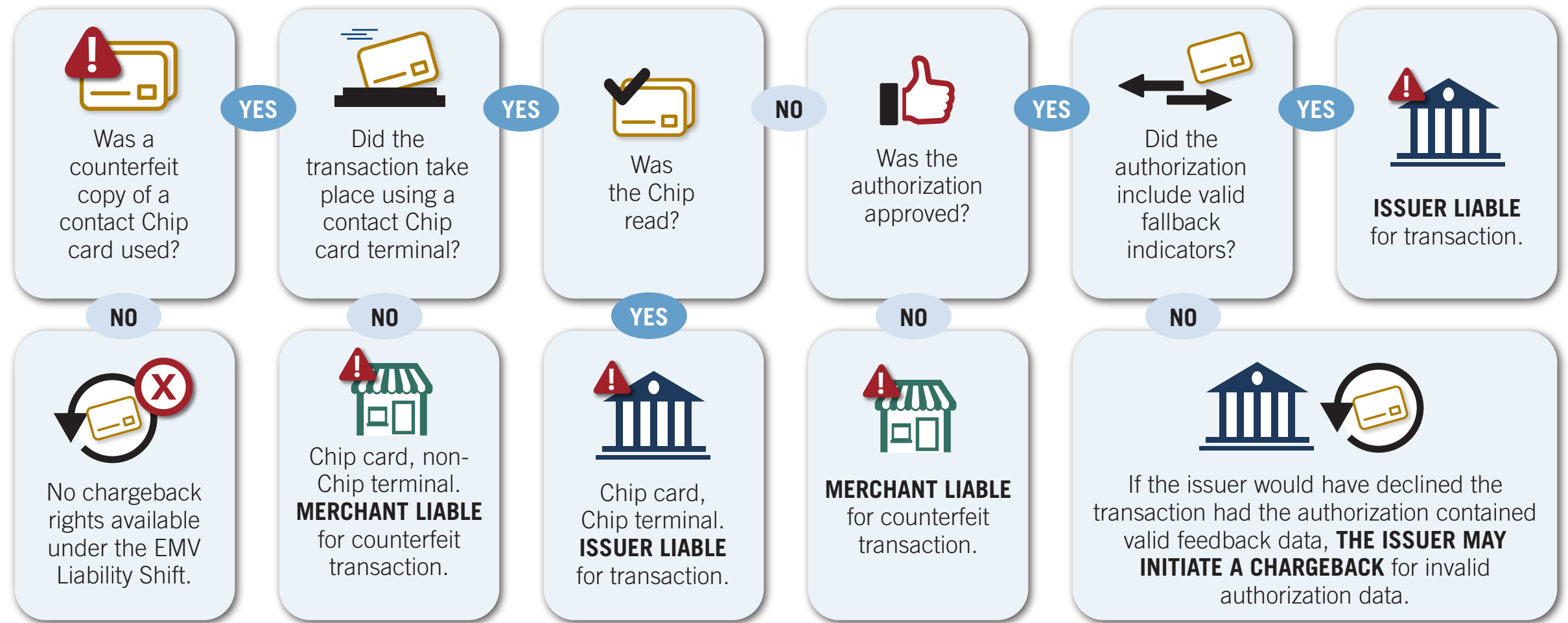
Liability Shift Dates

The table below outlines the effective date of the liability shift by region and card brand.

VISA	MasterCard	DISCOVER	AMERICAN EXPRESS
April 2013 Processors must support EMV	April 2013 Processors must support EMV	April 2013 Processors must support EMV	April 2013 Processors must support EMV
April 2015 3rd party ATM must support EMV	International ATM liability shift	October 2015 Liability shift of counterfeit transactions	October 2015 Liability shift of counterfeit transactions
October 2015 Liability shift of counterfeit transactions	October 2015 Liability shift of counterfeit transactions	October 2017 Liability shift for AFD	October 2017 Liability shift for AFD
October 2017 Liability shift for Automated Fuel Dispenser (AFD) Liability shift for ATM	October 2016 Liability shift for ATM October 2017 Liability shift for AFD		

U.S. Liability Flowchart

The flowchart below serves as a high level guide to determining liability for disputed transactions under EMV liability rules. It is intended to be used only as a reference tool in association with the card brand's rules.



U.S. Liability Scenarios

The below scenarios serve as a guide to determining liability and need to be used in association with the card brand's rules.

Visa

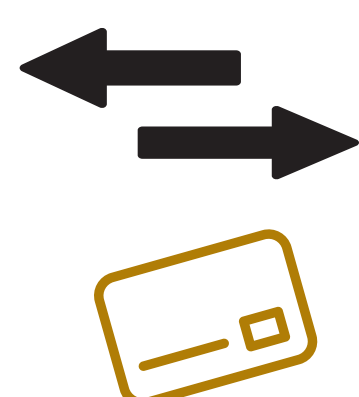
If Issuer has...	and Merchant has...	Then this party holds the liability	For this fraud type
Chip card w/PIN	Chip Terminal with PIN-pad	Issuer	Counterfeit
Chip card w/PIN	Chip Terminal with no PIN-pad	Issuer	Counterfeit
Chip card w/PIN	Non-Chip Terminal	Merchant	Counterfeit
Chip card w/PIN	Chip Terminal	Issuer	Fallback Transaction
Chip card w/SIG	Chip Terminal with PIN-pad	Issuer	Counterfeit
Chip card w/SIG	Chip Terminal with no PIN-pad	Issuer	Counterfeit
Chip card w/SIG	Non-Chip Terminal	Merchant	Counterfeit
Chip card w/SIG	Chip Terminal	Issuer	Fallback Transaction

Discover, Mastercard

If Issuer has...	and Merchant has...	Then this party holds the liability	For this fraud type
Chip card w/PIN	Chip Terminal with PIN-pad	Issuer	Lost or Stolen
Chip card w/PIN	Chip Terminal with no PIN-pad	Merchant	Lost or Stolen
Chip card w/PIN	Non-Chip Terminal	Issuer	Lost or Stolen
Chip card w/PIN	Chip Terminal	Issuer	Fallback Transaction
Chip card w/SIG	Chip Terminal with PIN-pad	Issuer	Lost or Stolen
Chip card w/SIG	Chip Terminal with no PIN-pad	Issuer	Lost or Stolen
Chip card w/SIG	Non-Chip Terminal	Issuer	Lost or Stolen
Chip card w/SIG	Chip Terminal	Issuer	Fallback Transaction
Chip card w/PIN	Chip Terminal with PIN-pad	Issuer	Counterfeit
Chip card w/PIN	Chip Terminal with no PIN-pad	Merchant	Counterfeit
Chip card w/PIN	Non-Chip Terminal	Merchant	Counterfeit
Chip card w/PIN	Chip Terminal	Issuer	Fallback Transaction
Chip card w/SIG	Chip Terminal with PIN-pad	Issuer	Counterfeit
Chip card w/SIG	Chip Terminal with no PIN-pad	Issuer	Counterfeit
Chip card w/SIG	Non-Chip Terminal	Merchant	Counterfeit
Chip card w/SIG	Chip Terminal	Issuer	Fallback Transaction

Amex

If Issuer has...	and Merchant has...	Then this party holds the liability	For this fraud type
Please contact your Relationship Manager			



Fallback Transactions

Fallback is the term used when a normal chip transaction cannot be completed at a chip-capable terminal. This occurs when the chip-reading device or terminal is malfunctioning and the transaction is completed using magnetic stripe or key entered. All fallback transactions must be authorized online and properly identified as fallback. The issuer assumes liability for properly formatted fallback transactions, approved by the issuer.

Transactions which are declined by the issuer or the card or where all available AIDs on the chip are blocked must not be attempted in fallback.

For more information contact Comerica Merchant Services

866-635-8135

comerica.com/merchant



¹ EMV is a registered trademark in the U.S. and other countries, and is an unregistered trademark in other countries, owned by EMVCo.

² MasterCard is a registered trademark of MasterCard Worldwide or its subsidiaries in the United States and other countries.

³ Visa is a registered trademark of Visa International Service Association and others in the United States and other countries.

Not all services are offered directly by Comerica Bank. To obtain the services, you may be required to enter into an agreement(s) with Vantiv, LLC or other service providers.