

EMV - The New Industry Buzzword

The global payments landscape is constantly evolving and so is the way customers pay for their purchases. EMV (Europay, MasterCard and Visa), commonly referred to as chip technology, is captivating the industry as both a security upgrade and, more recently, a BAU recommendation. And with such a large portion of the international payments landscape already offering this technology, U.S. merchants are taking a proactive approach to understand what EMV is, where it came from and what it means to their business.

The History of EMV

Believe it or not, chip cards have been around for close to 40 years. They actually predate the delivery of the EMV specifications by more than a decade. According to EMVCo (a separate entity comprised of Visa, MasterCard, JCB and American Express that is responsible for the management, maintenance and ongoing enhancement of the EMV specifications), the first mass deployment of chip cards for payment by the banking industry was in France. Driven by a need to reduce high levels of fraud due to counterfeit and lost/stolen magnetic stripe cards, the French banks conducted field trials of microprocessor chip cards embedded in plastic bank cards as early as 1984.

They go on to say that, by 1994, all French bank cards carried a chip using a French-developed specification for chip card credit and debit payment. Through issuing chip cards with PINs, the French were able to dramatically reduce fraud due to counterfeit, lost and stolen cards.

Based on the success of the French pilot, the 1990s saw the spread of chip card issuance throughout a number of different markets in Europe. However, since these market programs were based on domestic market specifications only, card payments became limited to magnetic stripe acceptance when the cardholders traveled outside their local market.

About Chase Paymentech

Whether you accept credit and debit cards today or are interested in accepting them in the future, Chase Paymentech can handle all your merchant services needs with one simple phone call. See the difference accepting payments with a global leader in payment processing can make to your bottom line.

Contact:

Jeff Hodge

214.849.3665

jeff.hodge@chasepaymentech.com

www.chasepaymentech.com

The U.K. and Japan were considering the migration to chip technology in the early 1900s but both markets decided against it when the functionality was found to be limited to local markets – and thus initiated the global standard for chip acceptance.

What is EMV and How Does It Work?

Already prevalent in Europe, Canada and other high-commerce locations, EMV is the latest technology for point-of-sale solutions, offering merchants and their customers added security against card skimming, counterfeit replication and other types of card-present fraudulent attacks. Each EMV card contains a built-in security chip that uses a form of cryptography to authenticate the card, card issuer and the data stored on the card. The chip itself provides three key elements: It can store information, perform processing and because it is a secure element, it can store confidential information and protect this sensitive data via cryptographic authentication. Verifying the card's authenticity during each transaction, combined with a PIN or signature requirement to verify the cardholder, results in a higher level of fraud prevention.

Ultimately, merchants can enhance the security of their card-present transactions, as well as retain and grow their customer base by integrating EMV into their BAU payment offerings.