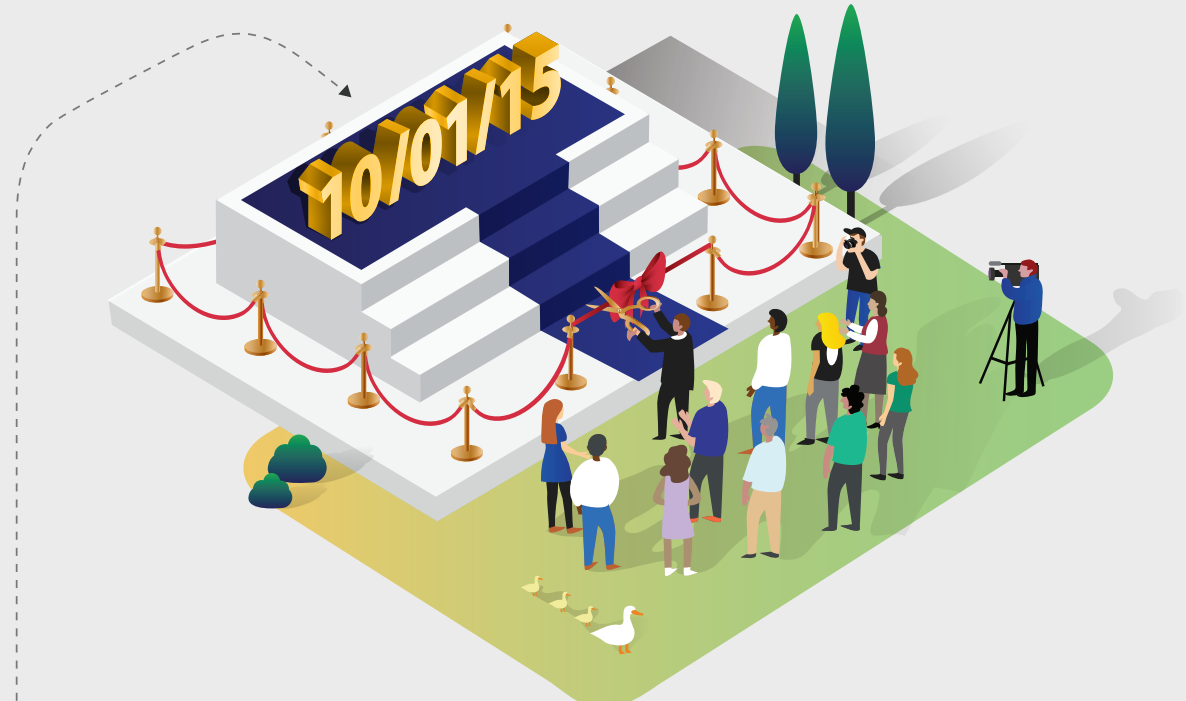


EMV LIABILITY SHIFT

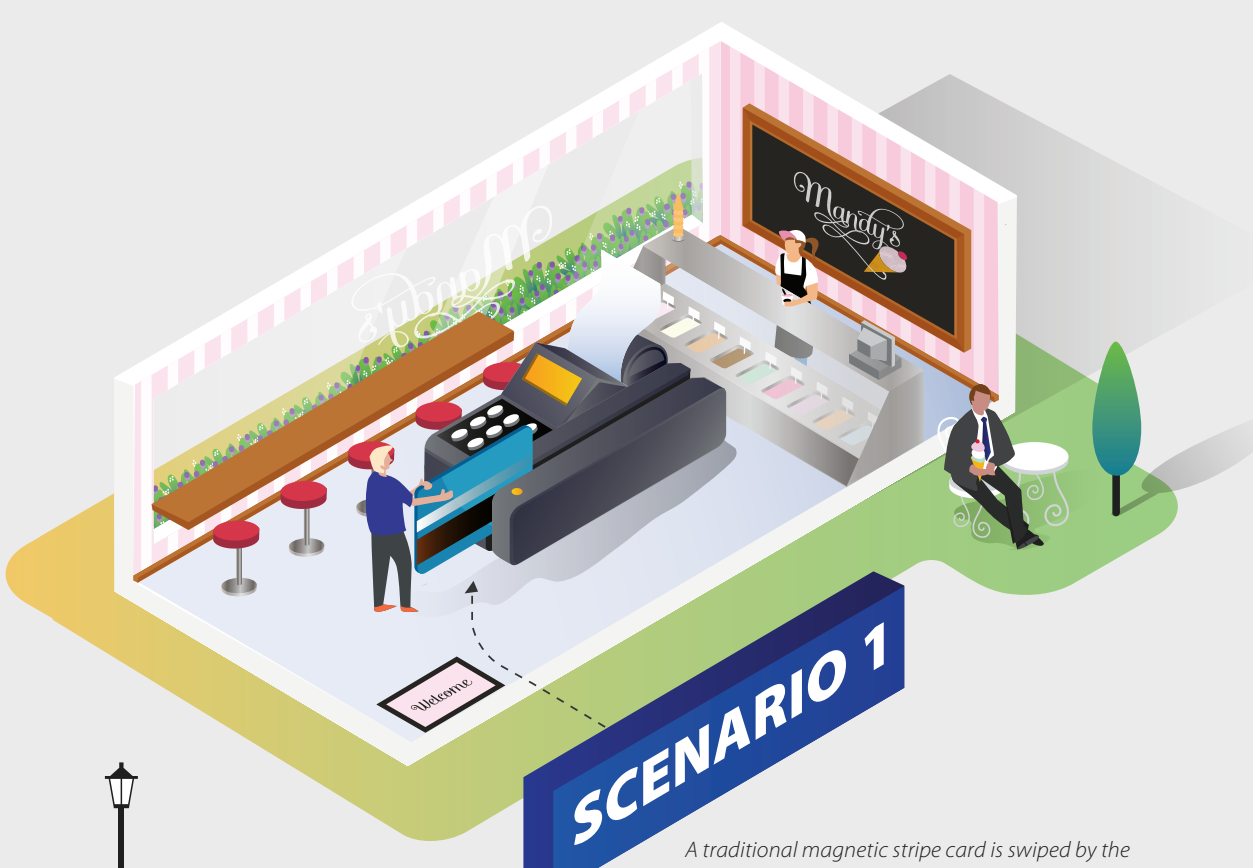
Why it pays to adopt new technology.

EMV chip technology is rolling out to consumers and merchants in the United States. Visa chip cards protect in-store payments by generating a unique, one-time code needed for the transaction to be approved. This feature makes it virtually impossible to counterfeit cards, helping to eliminate in-store fraud.



On **October 1, 2015**, in-store counterfeit fraud liability shifts to the party—either the issuing financial institution or the merchant—that has not adopted chip technology. Understanding how this liability shift affects your business can help protect you from liability exposure.

LIABILITY GUIDELINES EFFECTIVE OCTOBER 1, 2015



SCENARIO 1

A traditional magnetic stripe card is swiped by the customer at a magnetic stripe terminal.

If the purchase is a counterfeit transaction, the merchant is generally not liable, just like today.



SCENARIO 2

A chip card is used at a traditional magnetic stripe-only terminal.

If the purchase is a counterfeit transaction, the merchant generally holds liability, because the issuer has made the investment in chip technology to make transactions more secure while the merchant did not invest in upgrading to chip.

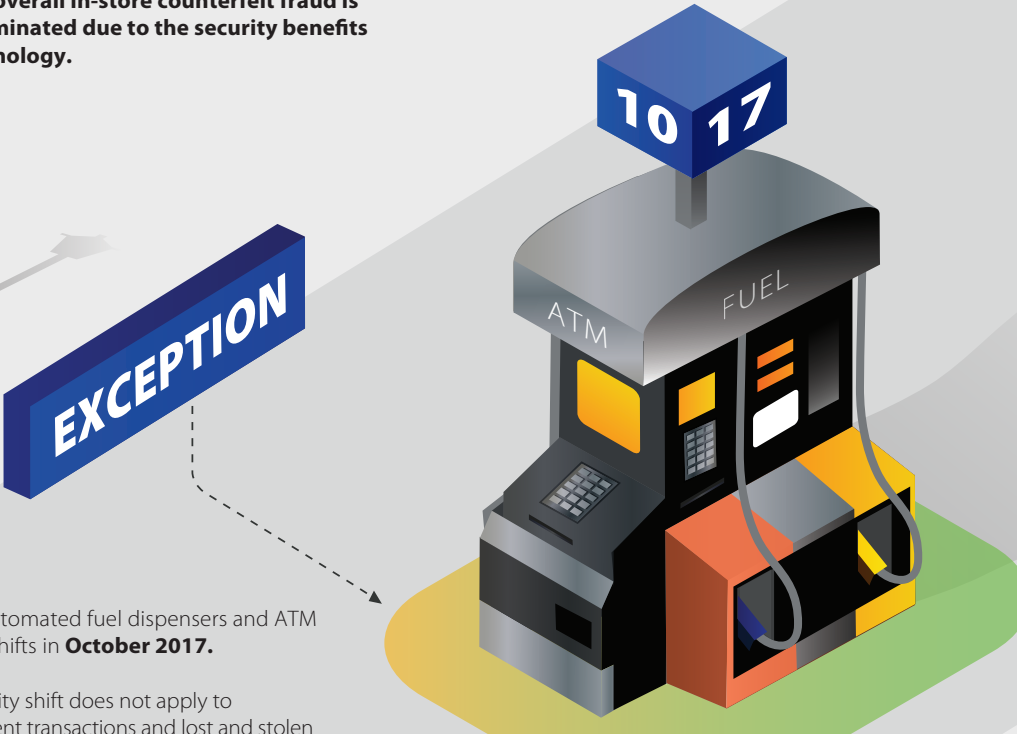


SCENARIO 3

A chip card is used at a chip-enabled terminal that has been activated by the merchant.

If the purchase is a counterfeit transaction, the merchant is not liable, and the issuer continues to bear the responsibility of counterfeit fraudulent activity.

The really good news is that when both parties adopt chip, overall in-store counterfeit fraud is virtually eliminated due to the security benefits of chip technology.



EXCEPTION

Liability for automated fuel dispensers and ATM transactions shifts in **October 2017**.

The EMV liability shift does not apply to card-not-present transactions and lost and stolen fraud. In these cases, the liability remains subject to existing liability and chargeback rules.

When magnetic stripe cards are used at a magnetic stripe terminal, the liability for counterfeit fraud falls on the issuer. After October 1, 2015, this is where the liability for counterfeit fraud falls depending on the card and terminal used:

Card Used	Terminal Available	Party Liable for Counterfeit Fraud
Mag stripe only	Mag stripe only	Issuer
Mag stripe only	EMV chip	Merchant
EMV chip	Mag stripe only	Issuer
EMV chip	EMV chip	Issuer

