

What is EMV?

Firstly, it's NOT the end of Magnetic Stripe cards as current solicitations for your business will lead you to believe! They are also trying to make folks believe that October 2015 is the "legal" cutoff date for implementing chip and pin equipment or you won't be "compliant", which will leave you unable to process cards. There are no State or Federal laws that mandate this technology. So don't fall for the phone/fax scare tactics and offers for "FREE" terminals. These are simply schemes to capture your business that will definitely lead you to overpaying for card processing services!

EMV is an acronym that stands for Europay MasterCard Visa. EMV is used as a short reference for "chip and pin" technology that is used just about everywhere but the U.S. This is a legitimate technology that every merchant will have to make a decision on in the somewhat near future, but first and foremost BEWARE of solicitations using this subject deceptively as a scare tactic to try and obtain your business.

Phone/fax solicitors are telling people that this is law, that they are non-compliant if they do not have this technology implemented in their business. Do not fall for this spiel! Unfortunately we have had to clean up a few messes created where clients have fallen for one of these offers and just thought they were swapping out their terminal, only to find that they signed up for a new service. We've reviewed many of the applications and have found hidden leases in the fine print that would have stuck folks with 48 month leases at \$29.00 per month, some as high as \$89.00 per month. Do the math on that and compare it to the onetime fee of \$175.00 + tax/shipping for a new EMV unit from PMI. We've also done post-reviews on the processing statements resulting from these offers and found 20-40% fee increases along with the lease. Some of them hundreds of dollars per month! There was some that took a "FREE" terminal offer that saw their fees go up by 20-40%, was the terminal really "FREE"?

I'm sure you've noticed by now, I have raised the "beware" red flag three times above. Our goal for preparing this memo is not to steer you away from EMV, but to give you the right information and hopefully save you from the consequences of accepting an offer from those who are using EMV in a deceptive manner to obtain your business.

Here are some Facts to consider!

The facts are, as of this memo, there is still a lot of work to be done before this becomes widespread in the U.S. Although the terminal hardware exists today, there is no software in production that utilizes the chip functionality. Even the debit networks are still sorting out their challenges with chip and pin transactions.

99% of chip cards being issued to U.S. cardholders today are to those that travel to foreign countries where chip and pin are the only option.

EMVco standards dictate that U.S. chip and pin cards will **still have the traditional magnetic stripe** on the back for many years to come. So an EMV card is still basically the "same old card", subject to the same vulnerabilities.

The recent Target and Neiman Marcus breach events have certainly increased the discussions about this technology. The untold truth about those breaches is that EMV will not stop all the potential fraud that could result from breaches like those. Sufficient data was retrieved that would easily allow for online fraud, which is where most fraudulent purchases occur anyway. It would definitely stop face to face purchase fraud because those cards are impossible to reproduce by fraudsters. At least for the time being anyway!

Based on the current requirements and standards in place, you would never have to implement chip and pin equipment if you chose not to. However, as an incentive to adopt the technology, the card brands are slated to implement a "shift in liability" which begins in October 2015. This is the impact date that is being misconstrued to scare people.

What does that "liability shift" mean? It means that if you process a transaction on a chip and pin card, but run it as a magnetic swipe signature transaction and it proves to be fraudulent, you the merchant could lose the money instead of the issuing bank. IF, you utilized the chip and pin functionality on a face to face transaction, then the liability remains with the issuing bank/acquirer no matter what. If someone calls your business to reorder contacts, or pay a balance due, and the card being used is a chip and pin card, EMV is then out of play! The standard rules for disputes on non face to face transactions still apply.

Whether you have EMV technology implemented or not, to avoid fraud know your customer/patient! Check other forms of ID to confirm their identity as the owner of the card. If the patient is NOT the owner of the card being used, e.g. spouse/child, make sure that the true owner of the card is present to sign the transaction receipt, (or enter the pin number for the chip card) and/or has signed a document confirming they have approved that transaction to be placed on their card.

From the Healthcare Industry perspective that I write this from, there is not a big history of fraud. I'm not saying that it has never happened, but it's rare! Folks generally take care of their Doctors.

Healthcare professionals also take lots of payments "over the phone" and EMV cards are not going to play any part in those transaction types. We've actually been deploying EMV units for the better part of a year now, for our clients that prefer to stick with traditional dial units. The EMV unit price is the same as a NON EMV unit at \$175.00 + Tax/shipping as aforementioned. So while there is no software yet for them, they have the right equipment at such time as it becomes available.

And for those who are using our Virtual Terminal web based platform, EMV devices are currently being researched and tested. We will be communicating those developments as they become available.

In Summary

Magnetic stripes are not going away any time soon! Estimations are another five to seven more years. So standby, be patient and don't get trampled in the stampede of those processing entities that are trying to grab your business by using this topic deceptively! There's no rush to adopt EMV technology! When the right time comes we will communicate to you with the most cost effective options available.

If you have further questions or concerns about EMV, please contact us at 800.450.0628, or feel free to email at smcbrayer@pmi4vs.com.

We will continue to update with new information when available on www.pmi4vs.com

Thanks, have a super day!