



The State of EMV

Harland Clarke Card Services

October 2, 2013

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Today's Speakers

- Nicole Machado, Director, Card Services
- Greg Kuyava, Senior Product Manager, Card Services and Trade Associations

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Agenda

- EMV overview
- Key dates and deadlines
- Survey results and implications
- Implementing an EMV program
- What Harland Clarke Card Services can do to help
- Questions



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EMV Overview

- EMV (Europay®, MasterCard® and Visa®) initially developed the global specifications for chip-technology payment cards in 1994
- Advanced payment technology that offers improved security and fraud protection
- Commonly used outside the U.S.
 - More flexibility than magnetic stripe
 - Introduced during developmental periods
 - Chip card technology easily implemented
- U.S. magnetic stripe infrastructure
 - Well-developed, reliable and relatively inexpensive
 - Continued to serve the U.S. market
- Global market adaptation creates security weakness in the U.S.
 - EMV-compliant cards and terminals are more common
 - Magnetic stripe usage is declining in international markets
 - Card fraud is trending toward the U.S.



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Key Dates

- March 2013 – Merchant acquirers
- October 2015 – POS liability shift
- October 2016 – ATM liability shift
- October 2017 – POS “AFD” liability shift





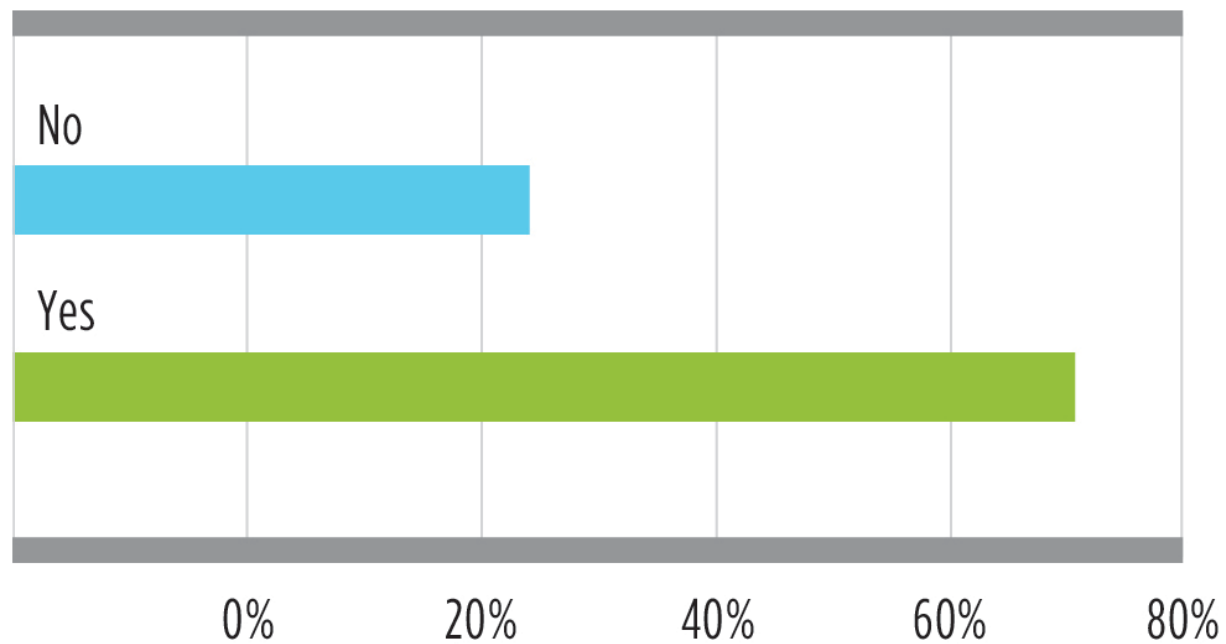
EMV Survey Results

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Size and scope of the financial institutions surveyed

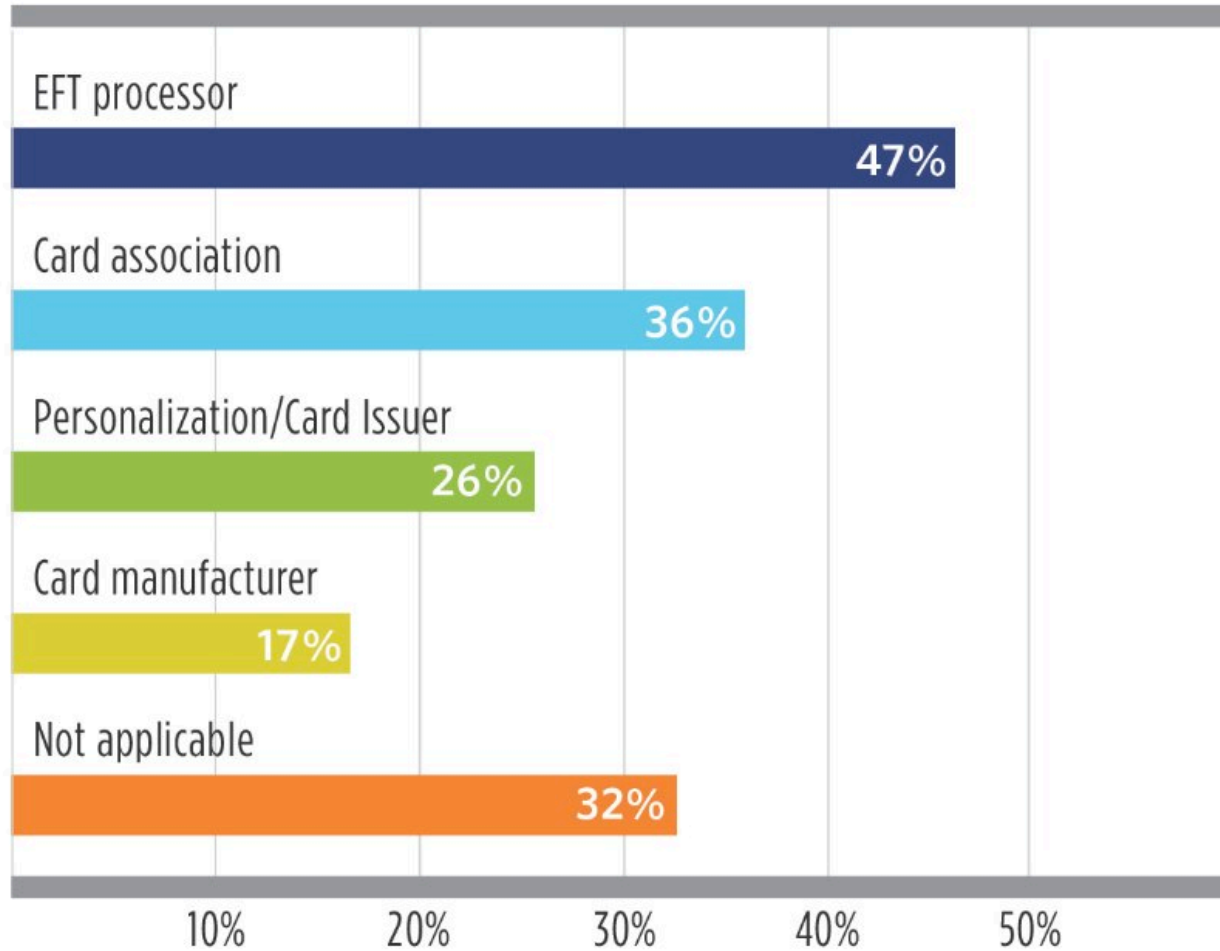
- Assets
 - Financial Institutions with assets ranging from \$50 million to more than one billion dollars
- Card Volume
 - Financial institutions with annual card volume ranging from 2,500 to more than 100,000 cards

Has Your Financial Institution Started Researching EMV?



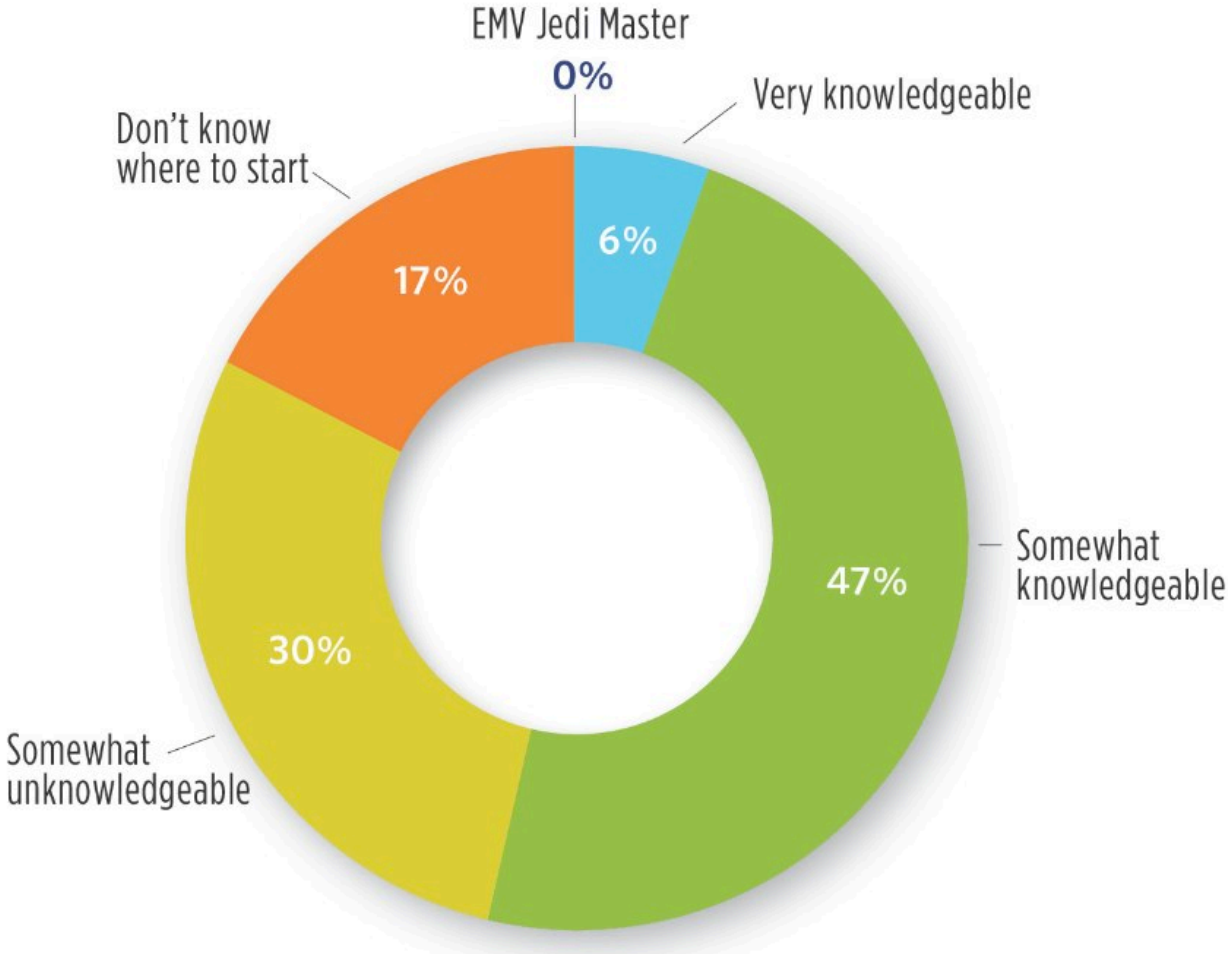
Source: *The State of EMV: Financial Institutions Grapple With Costs and Look for Guidance*, May 2013

Who Have You Engaged In Your Process/Research?



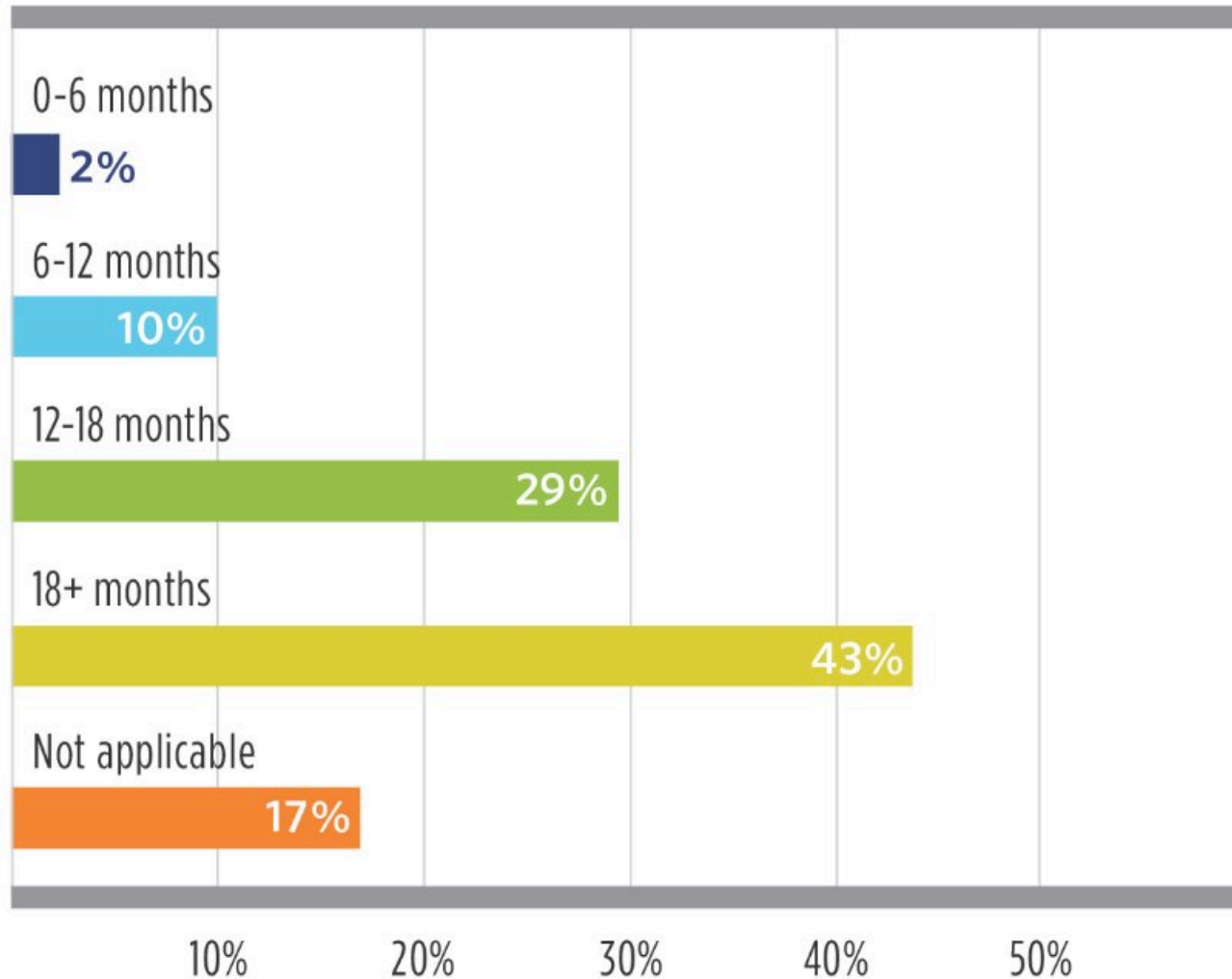
Source: *The State of EMV: Financial Institutions Grapple With Costs and Look for Guidance*, May 2013

How Knowledgeable Are You About Implementing an EMV Program?



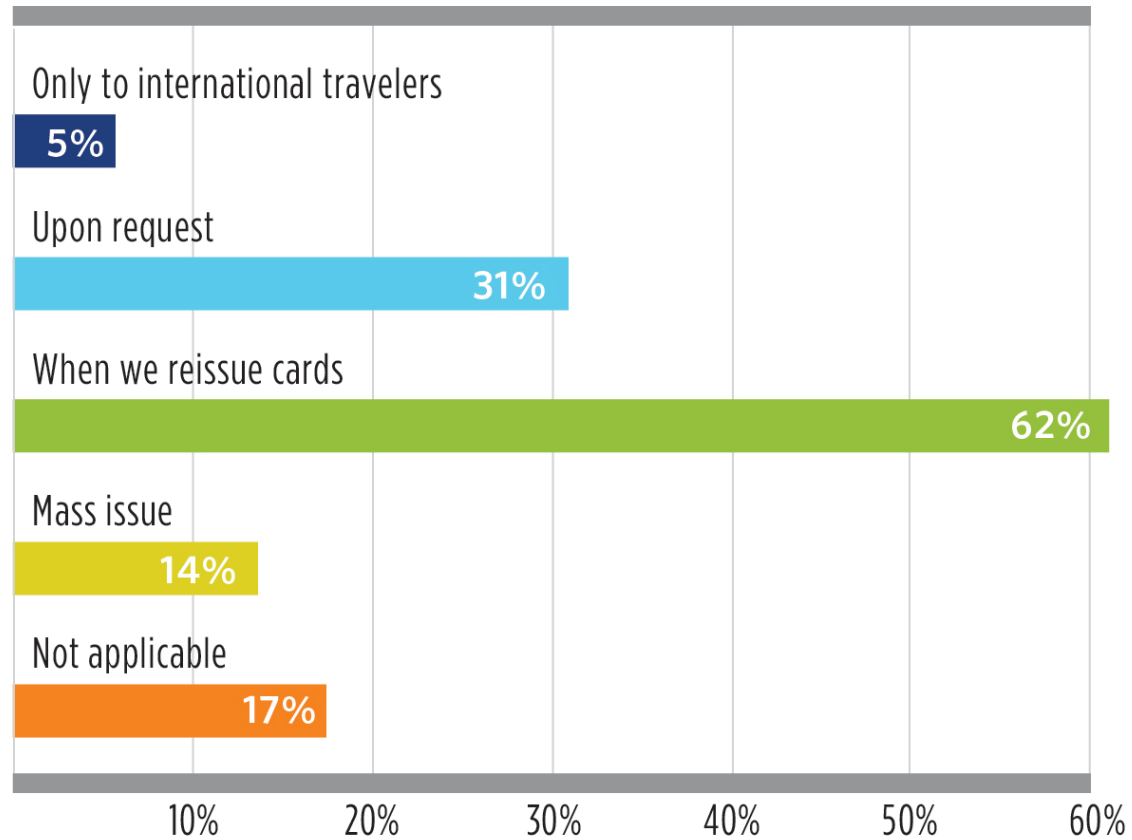
Source: *The State of EMV: Financial Institutions Grapple With Costs and Look for Guidance*, May 2013

What Is Your Timeframe for Implementation?



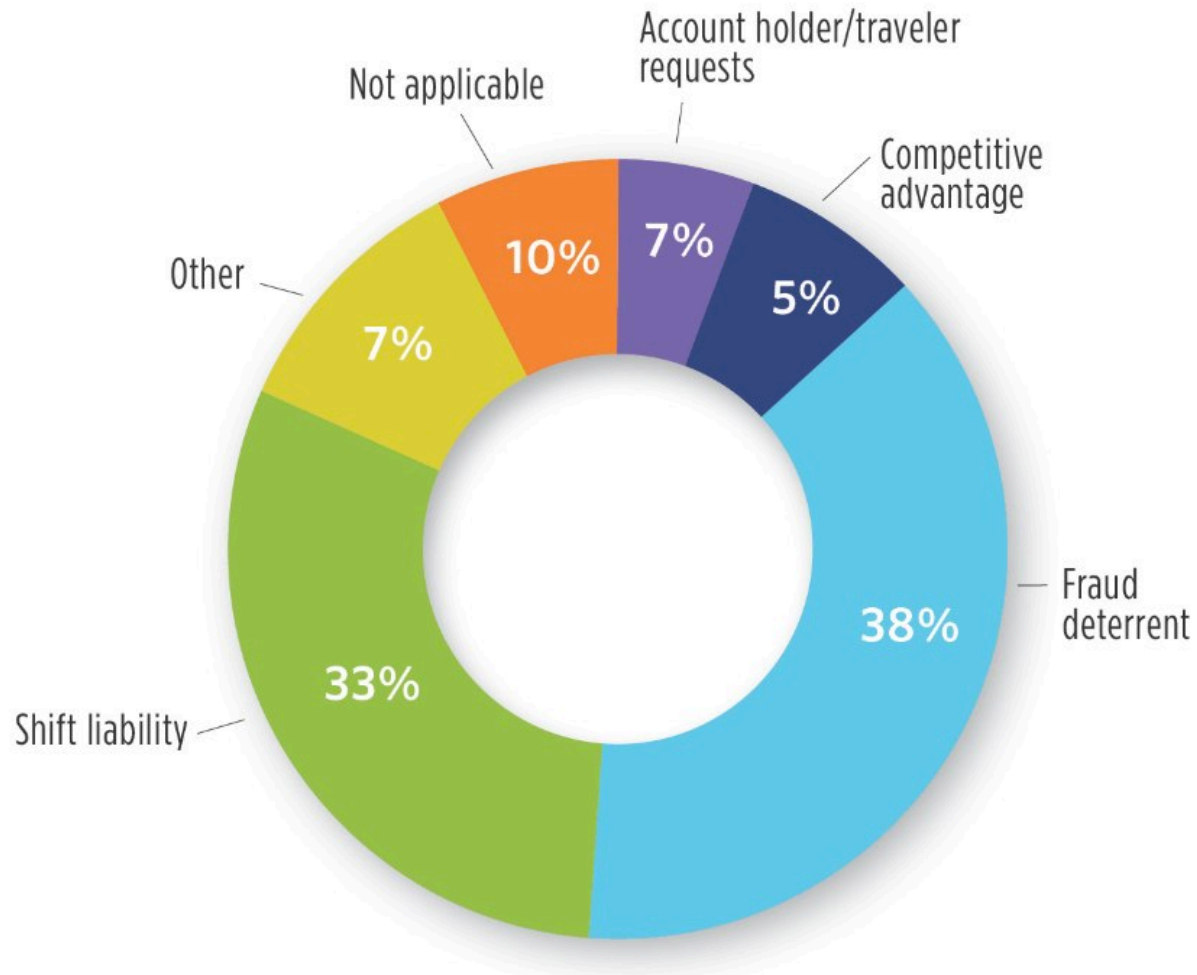
Source: *The State of EMV: Financial Institutions Grapple With Costs and Look for Guidance*, May 2013

How/to Whom Do You Plan On Rolling Out Your Program?



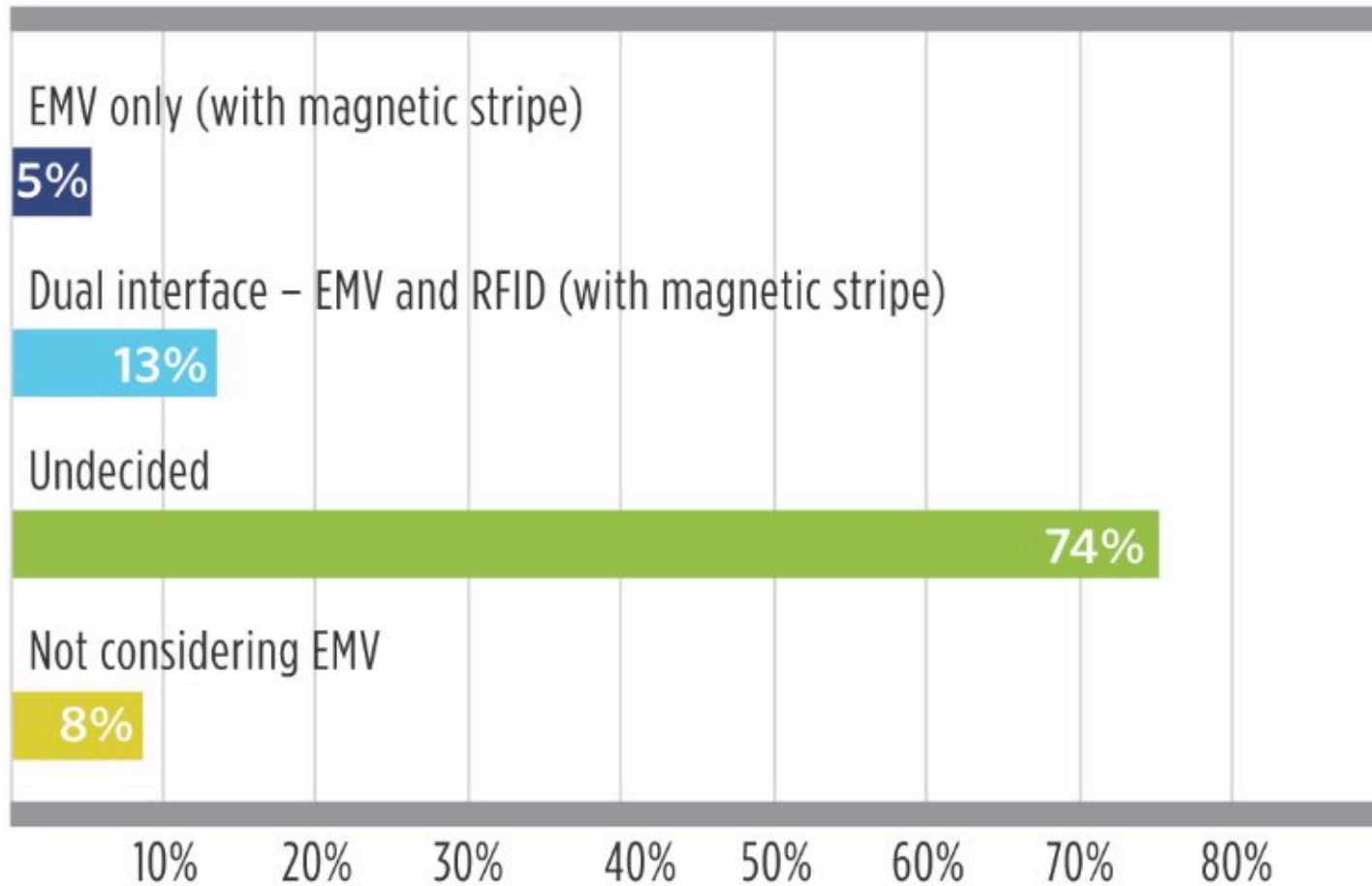
Source: *The State of EMV: Financial Institutions Grapple With Costs and Look for Guidance, May 2013*

What Is Your Main Reason for Migrating to EMV?



Source: *The State of EMV: Financial Institutions Grapple With Costs and Look for Guidance*, May 2013

What Type of EMV Program Are You Considering?



Source: *The State of EMV: Financial Institutions Grapple With Costs and Look for Guidance*, May 2013

What Is Your Financial Institution's Biggest Concern or Challenge With EMV?

1. Cost of implementation
2. Cost of reissuing and card production
3. Acceptance in the U.S. and being able to use magnetic stripe
4. Knowing where to start



Implementing EMV

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Key steps to implementing EMV



- Understand your card holders' needs
 - Travel needs versus domestic usage
- Understand your financial institution's fraud risk, costs and trends to determine EMV urgency
- Engage your card partners
 - Contact card associations, processors, networks and card producers
 - Understand related interdependencies
 - Outline program parameters
 - Begin identifying conversion costs

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Key steps to implementing EMV

- Educate Employees and Card Holders About EMV
 - What is EMV?
 - How does it work?
 - How does it prevent fraud?
 - How to use EMV cards and what to expect

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Considerations for implementing EMV

- Card type
 - Chip-only
 - Dual interface (EMV and RFID)
 - Merchants are encouraged by Visa and MasterCard to upgrade terminals for contactless and NFC
- Determine Cardholder Verification Methods (CVM)
 - EMV supports four CVMs
 1. Offline PIN
 2. Online PIN
 3. Signature verification
 4. and no CVM

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How Harland Clarke can help

- Harland Clarke and our partners are fully capable of supporting your EMV card manufacturing and personalization needs
- We're part of your team
 - An implementation manager will team with your processor and card association to help set program parameters, provide budget-friendly pricing options, and manage the conversion process





Questions

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