

Harland Clarke EMV Communications Webcast 09-06-2015
EMV Communications Best Practices
TRANSCRIPT

Presenter: Greg Kuyava, Senior Product Manager of Card Services, Harland Clarke

Matt: Good day, and welcome to the webinar. Today's topic is EMV Communications Best Practices. This webinar is being recorded, and will be provided to you along with the presentation recording and deck within a few days. I will now turn the call over to Greg Kuyava, Senior Product Manager of Card Services with Harland Clarke. Mr. Kuyava, you have the call.

Greg: Thank you very much Matt, and thank you to everyone who is joining us today to discuss the communications for EMV, and the best practices that surround this migration. Some housekeeping items, first off, the presentation, materials, and the video replay will be provided within one week's time.

If you look at your dashboard on the right hand side of your screen, you'll see that there are a number of handouts that are available. You can certainly capture those handouts at this time. Then last, but certainly not least, and probably most importantly is questions, if you have them, and how can you present them to us. What we want you to do is, we want to use the questions panel, again, over typically on the right side of your screen. You'll find the field for questions, and then you can simply click on the Q&A and then ask the questions to the presenters or the panelists. What we will do, the best we can throughout the presentation is handle those questions as they come up. We certainly have a lot of time at the end of the presentation to handle those questions as well.

Who am I, and why am I here this Presidential debating season. My name's Greg Kuyava. As Matt has said, I'm the Senior Product Manager for Card Services. I've been doing this particular role for a better part of 10 years for Harland Clarke. I've been heavily involved with the development of our EMV strategy and migration products and tools that are available. I'm a current member of the EMV Migration Forum, and an active committee member on their Education and Communication Committee, as well as their Instant Issue White Paper Committee. I've got extensive experience on a variety of topics, including cost effective programming, marketing, and brand awareness, and enhanced cardholder engagement, which at the end of the day all falls into what we're trying to accomplish on today's topic.

How are we going to accomplish today's topic, and what's our agenda? For those that have participated in our other EMV series webinars, defining EMV, and then our product chip complete webinar. We're going to cover a couple of EMV

market trends – just a couple of little slides, some of those you'll recognize if you participated, as I mentioned, in our previous series. We're then going to get into the heart of the matter and talk about the communications and the best practices. We're going to break this down for you in what the three-phase strategy for EMV is, and then what type of program support should you expect, and should you put in place in order to handle this. As I mentioned, at the end, we will have a Q&A. We will have a couple of polls that we'll ask of you throughout the agenda, or throughout this presentation. You'll have an opportunity to tell us what you're thinking, or where you're at, as far as your migration efforts go. Again, just please feel free to ask any questions throughout the whole presentation.

Let's talk a little bit about the market trends and what's going on with the consumer data breach. I start of most of my presentations talking about this because I think some of these numbers are astonishing. What really happened is in 2014 there were over two billion accounts compromised in 2014 alone. At the end of 2014, there were over 700 breaches publicly disclosed. When you think about it, in 2014, it really started back in the holiday season of 2013 with the Target breach. Within that Target breach, what happened is the conversation went from a discussion around an industry discussion where there were financial institutions, processors, and the card associations talking about EMV to quickly transitioning into a conversation that now became part of the cardholder conversation. They started asking their FIs what was going on, when are they going to get the EMV card, when are they – when is the financial institution going to take the steps necessary to protect their transactions?

Shortly after Target hit, we saw really a series of other large brands also be hit with a number of different data breaches. This is just a small number of those 700 breaches that occurred. Again, the – what's happening here was it went from an industry conversation to a consumer conversation. Anytime we start moving the conversation from industry to consumer, or to cardholder, we now have to start thinking about our messaging to those individuals, how we want to communicate, and how we want to educate.

Let's take a look at also what the rate of the EMV conversion is going to be. We actually have three polls that we are going to show you here. First Annapolis, IAD, and Javelin all did research on the migration over the next three years. Really, what we're looking at here are two bar graphs. The yellow bar graph is the debit card migration, and the blue bar graph is the credit card migration. Credit cards, in all three of these polls, show that the migration happened sooner.

There are a number of reasons for that. The biggest reason was simply because the challenges debit EMV had around the Durbin Amendment in allowing the merchant multiple options for routing that transaction, and creating the infrastructure in order for those transactions to be routed with the options available. Debit was anywhere from probably almost a year to a year and a half behind. Many financial institutions that started EMV early, started with your credit card and then slowly transitioned into the debit card. What we're seeing now is financial institutions that have not – did not start their credit card first, are doing both their credit and their debit at the same time, utilizing the redundancies of migrating both programs with the resources that are available.

I find these polls actually interesting because if we look specifically at 2015, and here we are closing in on the second half of the 2015, if you look at the First Annapolis and the IAD Group research polls, both of them have the debit card at right around 41 – anywhere from 32 to 41 percent. Javelin, their poll takers were a little bit less optimistic on being able to get cards on the market at 17%. My experience, and normally what we're seeing within the accounts that we're supporting, that the 30-40% is actually going to ring pretty true by the time we hit the end of 2015. We probably will see at least 30 to 40 percent of debit cards out in the market, or financial institutions being able to do that. A variety of reasons why we're not at 100%, and the biggest one is just delayed start on the debit card program, and also the bottleneck that is going on right now. Processors were – just had influx of individuals that got signed up early, and were scheduled two, three, four, sometimes even six months out. That bottleneck is continuing on. Not everyone's going to hit the October 2015 liability date. Not every – over half are not even going to have debit cards out into the market, but credit cards are definitely a different scenario when it comes to the number of cards in the market.

That brings us to our first poll question. What we're going to do is read the poll to you, and then you'll have an opportunity to answer. What we want is we want you to please indicate when you will have EMV cards distributed to your card holders. Please answer the one that best represents your position. Are you currently in the market or you certainly will be by the October liability ship date? Is it going to be in the next four to six months, which basically puts you after the October liability ship date up and through about the first quarter of 2016? Are you going to be after the first quarter of 2016, which we'd have the answer seven months or longer? Are you still undecided? You don't – maybe you haven't started the project plan. Maybe you haven't been able to get a start date going. We'll ask you to answer those questions, and we'll give you some time here.

All right, so here are the results. Currently in the market, it looks like about a quarter of you at 26%. Over 50% of you are already four to six months in. That puts another seven months at 15%. Then undecided is just a small group of you that are still kind of undecided and may be waiting. Now, the interesting thing here is that by Q1 of 2016 over 80% of you anticipate having cards into the market. The rest of you will certainly follow along shortly afterwards. We have a pretty active and engaged EMV migration group on the phone. We've taken similar polls like this earlier in the year, and what we saw was, as you would expect, the numbers for currently in the market, and four to six months, being a lot less, and then the seven months or longer number being much longer. People are starting to transition and migrate to EMV. Their projects are being started, and they actually can see probably, maybe not a light at the end of the tunnel, but you're certainly down that tunnel long enough that that light's going to show up pretty quickly. I appreciate everyone's participation in that.

Let's start talking a little bit about why EMV consumer education and communication is absolutely critical when it comes to this program. We're going to pull this up for you real quick. First and foremost is we need to have a positive account holder experience. This is going to be something new, this is going to be something very different. They're hearing about it in the news, they're hearing about data breaches in the news. They're concerned with what is going on with those data breaches, and they want to know that the financial institution has their best interests. They want the financial institution to demonstrate their commitment on their cardholder and account holder security.

We need to make sure that we're having a communication strategy that handles that commitment to the individual, as well as continuing to create a positive experience for that individual. The interesting thing is what we're hearing in the market is a lot of industry experts are noting that there has been an increase in data breach activity over the last couple of months. They expect that continued activity until the window closes, until we get closer to a 90 to 100 percent of cards actually distributed for EMV. The fraudsters are going to take advantage of this while the opportunity is there. As they had predicted early in 2015, an increase in that fraud activity, they're actually seeing it happen now. Until that window fully closes down. With that, again, you've got individuals that are coming to you are going to be concerned with when do I get my EMV card? We want to make sure a consumer education communication plan will be critical in order to handle those questions.

Increased card activity and usage – when the card gets delivered in the mail, anytime a card is delivered in the mail, whether it's an expired card or it's a new card with a different look to it, there's always fear of attrition. They might not

activate the card, or they might not use it— and with that then becomes – obviously they're not going to use it. What we need to do is we need to make sure that we're informing them ahead of time of when what's going to happen and what they need to be doing. Once they get the card, it's going to be a different experience, and we're going to talk a little bit about that experience in a little bit. It's going to be a different experience for them. No longer are they just going to swipe it and have the magnetic card read it, and they're going to be able to hold on to it. We want to be able to walk them through and talk them through and give them a preview of what their experience will be. The expectation and what happens when the card is presented in an EMV transaction doesn't frustrate them. Frustration leads to, again, increased attrition and less card usage.

Last but not least, this last bullet point is probably most – is equally important and maybe a little bit selfish, but nonetheless we need to take a look at the impact that we have on internal resources. We're devoting a ton of resources right now as a financial institution to get this EMV migration up and running, and cards distributed. That's really just the first half of the EMV program, or maybe the middle third of the program. The back third is going to be educating and handling the questions that come in during the initial phases of this EMV migration. Until the consumer becomes fully comfortable with this type of transaction, there are going to be a lot of questions that are going to be coming back to the financial institution. What is that going to do to your particular resources that are available, and how are you going to handle the influx of new questions and inquiries about this card with this funny little chip on it?

Let's migrate next into best practices for consumer education and communication. I'm going to want to jump ahead two slides, Matt, if you would, and talk about the recommended best practices. Talking about, again, the cardholder experience is critical to a successful transition to EMV. On this particular slide, you see a very strong and positive visual for a cardholder to be able to look at. This is just one example of a best practice. Very simply, it is obviously an EMV card, for those of us on the phone. Maybe for a consumer, they recognize it as a debit or credit card, well they recognize it as a debit card because it says so right on the card. They recognize this maybe as their card, but they're not quite sure what this little, yellow box is up there. For them, maybe it's just a fancy hologram that they're used to seeing. Simply by putting some definition around this, as well as an instruction arrow to it, you have very quickly and simply used a best practice on allowing them to know what exactly they have.

The instructions or definition is your new card will contain an embedded microchip for added security. Ah, a card that's coming to me is going to be

different, and it's got something that's got a security feature added to it. It's real important. As we look at the different elements of the cardholder experience, and we really want to focus on three communication phases. We want to be able to utilize these three communication phases to multichannel deploying an approach. It can include direct mail, it can include statement inserts, it can include messaging within the financial institution. It could include messaging on your website. It can include contact center channel as well as any type of digital communication that you want to do. Really, at the end of the day, the three phases are: communication prior to the issuing of the card, education at the time of the issuance, and then ongoing education once the card is in the individual's hands.

We're going to break down these three phases in a little bit more detail, and talk a little bit about what those exact messages need to be. The first phase prior is going to – initially, communication needs to be on – and we'll go to the next slide, Matt – it needs to be on awareness, security benefits, and notifications. You're basically going to have three messages when it comes to the prior communication. Best strategies have you communicating out to your account holders anywhere from 60 to as much as 90 days prior to that card being in the market.

I would state that I am an account holder in a large, national financial institution. They did no prior communication to me up until basically one week out from when my card was delivered. When the prior communication came to me, I thought, oh, I'm going to be receiving this in the next month or so. To my surprise, I got my second communication at the time of issuance, only a week later with the actual card. The messaging that you want to handle in this prior communication is, your new chip card is coming, here are the additional security benefits that are going to be added to this new card, and then why it is different, and what's the experience going to be. You've started to really educate them on what's happening.

For those that are already distributing their cards, or have, or are close to distributing your cards, you may not be able to hit that 90 to 60 day time window. Your prior time frame obviously will be much shorter than that. It is important to prime the card holder that here's what is coming. For those that are under the migration project time line that maybe isn't going to have your card out till after October and going into the beginning of next year, this is the perfect opportunity for you to talk anyone, cardholder off the proverbial ledge and say, "We've got this coming, we're going to protect you. Here's what's different." It's a great message that you can send out ahead of time.

Next slide is an example of some verbiage around the communication. First and foremost, again, what we're going to tell your cardholder is that we take your security very seriously, and we are protecting your debit card with this new benefit. Then, we talked about what makes EMV cards different.

EMV cards have an embedded microchip that's live and increases protection against fraud. Now, what do I do until my new card arrives, right? That becomes the next question. When do I expect my new card, and what do I do to it when it arrives? You want to give them some instructions around that. I mentioned that I received a notification, a prior notification, from the bank that I'm an account holder at, and what they did is they gave me – they broke the letter up into really four sections.

Number one, great news, because you are a valued card holder, you'll soon receive a new debit card featuring the chip technology. They tell me what I need to do. I need to watch for the card, I need to activate it, and then I need to provide my card's new expiration date and security code to all the businesses that bill my card automatically.

Then, they have the third section. They talk about the chip technology, enhanced fraud protection, smart security, global acceptance. Then, they have a small paragraph on how to use the card. If it's a chip-enabled point of sale, I'm going to insert the card into the machine. If it is a point of sale machine that simply takes magnet stripes still, I simply swipe it, but they tell me the machine will be able to provide me instructions.

This is a great example of prior communication. I know I've got a card coming, I know they care about my security, because they are telling me what the security enhancements are. I feel good about the messaging from this particular bank, and oh by the way, they give me a short preview of what my experience will be.

Let's transition into the second phase of the EMV communication, and on this particular phase, we're talking about when the card is issued. Our focus, once again, is activation, security benefits, and again, how to use the card. We want to be able to have communications that, most importantly, tell them to activate this card, that is a new card, and that it is replacing their existing card into their wallet.

Number two, we want to make sure that they go out and they utilize the card. How are they going to use it, what that experience is going to be like. Then the third, again, we want to reiterate what the security benefits are, on this particular card, what the feature is, and how it's going to help them.

The next slide is an example of that issuance in communication, and again, this is a very strong headline where it says, “Hey, chip technology provides next level security, and we're introducing the new level of security at your fingertip. At your financial institution, we're pleased to introduce the added security of chip technology to your card, currently used around the world. Please activate your card immediately and begin shopping with added security.”

Using the example again of what I mentioned earlier, from my own experience, is this particular larger financial institution, sent me a card carrier with the new card on it, a picture of the card, and it says, “Activate your card using one of the various methods below,” and they provided me step-by-step instruction on six different ways to activate my card. They once again tell me to provide my new card information to all businesses that bill my card automatically. They talk to me about that my card number and PIN have remained the same, and then they spend time talking about new enhanced security with the new chip technology, and again, why did they take the step, why am I receiving a new card, and then a little bit about the experience that I have.

Let's transition into the next slide in the third phase of this, the ongoing communication. I have yet to receive an ongoing communication from my particular bank. Although they may be handling the ongoing communication maybe not in a direct mail or follow up letter, but there may be other avenues that have their communication strategy, such as maybe a call center, or if I had questions, I could've gone online and found out some information online. Really, this is all about continuing to educate and what to expect at the point of sale.

This is going to be a new transaction experience for those individuals. They're no longer going to just swipe the card through the magstripe. When it's an EMV transaction, it's going to come in contact with the reader, and needs to stay and remain in contact with the actual reader for the whole transaction. For many folks, until they get used to this, this is going to add some stress and anxiety over the transaction because it's just so different.

Again, we want to make sure that they have activated or they are activating that card. We don't want to have our attrition rates go up as we are adding a new benefit to a particular product, in this case, the cards. We want to, again, reiterate the security benefits while we are making this change, and how it's going to protect them, and make them feel better about the transactions that are occurring. Then, again, educate. Not only in the security in the benefits, but educate them on what that experience is going to be.

The next slide talks about ongoing communications and examples of those, and first and foremost we're talking about using the card. Chip cards are easy to use. Your card now has a chip and magnetic stripe technology, and it can be used for the following methods of purchasing. They talk about all of the different ways that, hey, you're going to come up to a merchant, and it may have a chip in the internal terminal. You might want to give examples of it's a chip-enabled terminal, what that experience will have to be. You'll insert the card into the terminal, and it'll remain there for the entire transaction until it tells you take the card out.

Retailers that don't have a chip terminal, you'll still be able to use your card. You simply just swipe it as a magnetic stripe. Then what they can expect over the phone and online, and how that transaction experience will not change from their magnetic stripe experience. Then, if you have a strategy around contactless functionality, you're going to want to add instructions around that. How do I use my chip card at a chip-enabled terminal? Easy to follow, easy to think about steps, alleviating a lot of the stress that they might have, and then, of course, contacting and providing customer service information if they do have any steps.

The following slide is an example of an EMV digital communication strategy where cardholders can receive the different digital messages based on the data that is sent to Harland Clarke from your FI. This is an example of a program that Harland Clarke can implement specifically. What it does is it can provide them everything from instructions on how to activate their card, best practices once their card is active, to make sure that they are providing billing or information to the automatic billing, to what the experience will be like at the actual financial institution. Digital communication strategy can be a big part of it.

We're going to transition into our second poll question of the day. What we would like you to do is please indicate what phase your financial institution is currently in for cardholder education and communication. Are you in Phase 1, your prior communication and education? Are you in Phase 2, during distribution or the activation or issuance at the time, or Phase 3, are you in a continued education, or 4, because you just migrated to EMV or you're about to migrate to EMV, you have not started communicating or educating your cardholders? We'll take a moment here.

All right, it looks like we've got some results back here, and let's go over that. On the first, prior communication, it looks like we are right about 26%, so actually, it's pretty much where we were for those individuals, those FIs on the phone that were at about 26%. We're going to meet that October deadline. That makes perfect sense that probably those that are ready to or about to

distribute— or are already distributing the EMV cards, they're probably the same ones that are here.

During distribution, that probably matches very closely. Probably not many financial institutions that are actually able to distribute the cards at this time. Phase 2, nobody's in their continued education phase. That could be for a variety of reasons. I'll tell you that when we have our client forums and we have discussions, and we bring in groups of small focus groups, and we talk about a number of different variety of topics, when EMV came up, we talked about continued education and continuing their cardholder education That seemed to be one topic where many financial institutions were just not involved in or thinking about.

Then have not started communicating or educating, 70%. Hopefully, this particular webinar sheds some light on some of the best practices. I think a lot of financial institutions have concentrated so much on educating themselves, and have concentrated so much on just getting the cards distributed and at what time, and working on the EMV migration program as it is that they thought, oh, my gosh. I completely forgot about an EMV migration.

All right, I'm going to take a pause here, and I'm going to go over some questions. Matt, if you wouldn't mind just going back to the actual presentation. We'll get into some communication support programs, but first, there were some questions that came in. I just want to handle those right now.

One of the questions is all cardholders are just starting the roll out. Now I'm assuming this question means to who do we want to communicate, and who do we want to educate? You're eventually going to communicate to all cardholders. Now whether you want to do a time approach where if your distribution strategy means that you're going to roll your cards out over a number of months or maybe even years, if the card's about to expire. Then my recommendation would be is to set up the matrix, a mailing matrix, that triggers a mailing out to those cardholders that are about to be communicated, or they're about to have their card transitioned or changed out.

You could certainly do an all cardholder communication, and you could do that very simply by putting messaging in statement inserts, or on your website, or just any – however you communicate to your mass accounts. It would be very easy for you to communicate that. I don't think there's either one way or the other. It really just depends on how you want to send it. You can never communicate too early. That should be the key message here. You can never communicate too early that an EMV card is coming and the security benefits

around it, and how you're looking out for them as an account holder at your financial institution.

The next question is, with the liability shift, is the least EMV compliant person liable for the cost of submitting the claim to Visa or liable for the entire amount for the fraudulent charge? When it comes to the EMV shift – and I'm glad you asked that question. We have certainly covered that in our other webinars, and we will cover that in greater detail in our upcoming EMV Defined webinar that is actually next week. I can give you more details if you participate in that webinar. However, the liability shift simply states that at the point of sale or at the point of the transaction, if the merchant does not have an EMV-ready point of sale equipment but the bank presents an EMV-ready card, that transaction and the liability of that transaction falls onto the merchant.

If the merchant has an EMV-ready point of sale terminal, and the issuing bank has an EMV-ready card, and that transaction is run as an EMV transaction, the liability stays with the issuing bank, just as it does today. Third scenario, if the merchant has a point of sale-ready EMV terminal, but the bank, the issuing bank's card, is not EMV-ready, it will still be able to be run as a magstripe transaction. However, the liability continues to stay at the issuer. The liability shift is really an incentive for merchants to get their EMV programs up and running. The liability only shifts when an EMV card issued by a bank is presented at a point of sale terminal that is not quite ready to take the EMV transactions.

Does the liability extend to ATMs? Good question. The liability for ATMs and the need to get your ATMs up and ready to handle the EMV transaction, that deadline isn't until 2016, so you have until next year in order to get your ATM up and running. At that point, then there will be a liability shift for ATMs. Automated fuel dispensers, AFDs, their deadline is 2017.

Then we have, does the liability extend to Visa cash advance machines? Again, that will fall into a liability shift that will occur in 2016 when it comes to any type of ATM program. Let's jump back into the presentation. Then there were certainly some more questions that were sitting there, so we'll get back to those.

Project management, what can you expect? When you set up a project management, you probably already are becoming project management experts because the EMV migration itself requires you to coordinate between your manufacturer, your card personalization issuer, as well as your EFT processor, and in a magnetic stripe world, those three partners were really able to manufacture, issue, and process. Your card programs set up their program in

silos. They did not need to coordinate and work together. EMV has changed all that.

Because EMV is such a complex process, the communication is certainly different. Now where you're not needing to coordinate multiple entities in order to communicate out to your own cardholders, what you have is you have very – you have a lot of different phases within, and you could have a number of different communication channels that you want to utilize. Ideally, you set yourself up with a card partner that can handle everything from card manufacturing and card issuing to designs, to key management, as well as communication strategies that come along with it.

One of the main strategies that we could talk about when it comes to helping you coordinate your communication, whether it be prior, during, or after, the next slide talks a little about the contact member support. We talked a little bit earlier about resources available within your financial institution as these cards are starting to be used out there. What we are being told by financial institutions that have already migrated their cards and have come to Harland Clarke for support is their call centers and their contact centers have seen an increased number of cards that are coming in there. Really, what we want to do is we just – a good contact center of strategy simplifies the overall conversion to EMV. You really need to be able to educate your internal staff at your call center, or utilize a partner, like Harland Clarke, that has a call center that's available that can then help educate your cardholders.

It's going to be important that as EMV comes in, that you're able to maintain your service levels during this card reissue for all of your product, and all of your services, and all of your questions that might be coming in. You don't want to flood the call center with one type of call for one product while no longer being able to service a different product. It's important that you understand and have an educated staff that's able to handle the questions and are able to efficiently manage the different inquiries that come in. What Harland Clarke could do is we can provide both inbound and outbound calls to port. Sometimes a call out to an individual allowing them to know that this card is on their way and being able to answer questions will save you the ability or the need to have to send out a direct mail letter.

Inbound calling, our inbound calling in order to support those individuals that are using the cards and have questions, or they get the mail piece, and they have some questions about activation or whatever it is. We can provide dedicated EMV specialists that understand the card program, that understand the experience, and that are going to be able to provide detailed information about your particular EMV program and the experience that individual is going

to have. We can extend that through encouraging for activation and utilization. Then we can provide weekly call volumes. We're reporting, and then we will monitor all of our cardholder questions.

Some common questions that you want to be able to handle that are coming in, and these are being shown on the next slide, is can my cash advance PIN be used to make purchases? Where can I use my chip card globally? How do I pay at a chip card reader? Again, this is probably going to be your most common question is how do I use this darn thing, and why do I use it – why do I use my chip at some places, but it's not being used at the other places? Am I not being protected? Is this card not working correctly?

What happens if I can't remember my PIN? Is it going to change if I can't remember my PIN just because it's an EMV chip card? Can my chip get damaged in the card, or what can happen to it? Harland Clarke can provide a fully educated and well-trained call center support that will help explain the features and the benefits that are dedicated to your particular card program. Outside of Harland Clarke, you want to make sure that if you decide to use your own call center, that you utilize a full list of questions and educate those individuals as those questions come in.

Last but not least. When it looks at different marketing outside of the call center, is that Harland Clarke can also provide some turnkey marketing support. We can actually manage all of your EMV communications, and this is on the next slide, including building a multi-channel communication plan to educate your staff and your cardholders. Multi-channel, we mentioned call center. I talked about digital a little bit earlier.

It might be as simple as creating statement inserts or printing out your card carriers as part of your card issuing program, but we can provide help to develop all of the materials. Design and do all the messaging for you. We can help build the schedule, and again, building the schedule is real important. This goes back to the question we had from the audience. Do we do it all at once, or do we do it just to the cards that we're rolling out?

Ultimately, that decision comes down to the financial institution. Harland Clarke can certainly help you manage that program and that project, and send the mailings out in a timely manner. Then the solution and the implementation—now that we have our communication strategy, how are we going to implement that strategy, and how are we going to educate and continue to educate? Then what kind of feedback can we get on the education that we're providing out there?

What we'll do now is we'll get into some more of the questions that were sitting out there. We're going to get into the Q&A portion of our webinar, and again, as a reminder, go ahead and type your question in the questions panel. It's over where you see that little red arrow. There's a little question dropdown box. You can certainly ask your question that way. We have a little bit of time left, and we'll spend the next couple of minutes going over some of these questions, and then we have a short poll for you to answer at the end of our webinar.

Let's see. There was a question, is there any way you can provide us with a copy of the prior communication letter you referred to, "Your new EMV card is coming?" What Harland Clarke has, and it's available in a number of different ways, is we have a full on communication strategy and messaging content that are available to FIs. Where we're providing this is free of charge for those financial institutions that are either utilizing Harland Clarke as their card issuing provider, or you want to utilize Harland Clarke for the direct mail or the call center piece of your communication strategy. If you come to Harland Clarke, we have a full on communication and messaging strategy that's available for you to utilize free of charge, and that's when we'll distribute that information to you.

I will tell you that there are other good resources out there that are available if you're looking for what type of messaging you need to build outside of Harland Clarke. Both card associations, Visa and MasterCard, have tools that are available. The EMV Migration Forum at emvconnects.com also has some good information. What Harland Clarke provides in our communication strategy is the communications already built. Plus, we provide the channels to be able to promote, and educate, and communicate out.

Another question, if the financial institution is moving to EMV, it makes it a bit trickier to send a communication in advance, especially if the FI wants the third party vendors to assist in distribution? I think, ultimately, it comes down to the communication strategy and the channels. Doing a direct mail communication certainly takes a lot more time. Maybe, instead of doing all direct mail as your prior communication, you go to a digital communication strategy, email, for example, or you push messaging out onto your website. Perhaps you utilize a call center strategy where you're able to communicate directly to that individual. Letting them know that your financial institution, via this phone call, is telling this cardholder that your card's about to expire, and we're having another card come out here.

It all depends on timing and how much time you have available. I would agree that where you are in your current project and how many partners you have utilizing, or I should say participating in the migration will certainly determine how timely you can be and when you're actually going to be distributing cards.

There are a number of methods that can allow you to be very reactive or can be proactive in a short period of time. Digital content, call center strategies certainly allow you to do that.

You could just take the approach that some financial institutions will take. You put it on the card carrier, and you have a very detailed card carrier where that card comes on in. Then you put a lot more energy and strategy on the continuing communication and education piece. Again, maybe you utilize a call center, or maybe you utilize digital content, or you do a lot more direct mail, and making sure that that individual is activating the card and using it.

How does EMV work with instant issue machine? Excellent question. Anyone that currently has an instant issue machine, if you are using a Harland Clarke card and want to use an instant issue machine, we have been distributing an EMV-ready printer since October 2013. Way ahead of when financial institutions have begun distributing the cards. What you simply need to do is, just as you're setting up your current EMV service bureau issuing program, those cards that are delivered in the mail, you'll also need to set up your EMV instant issue program the same way.

If you're able to find a company like Harland Clarke that does both instant issue machines and service bureau services, you could have one EMV setup program when it comes to those two partners or those two aspects of your program. If you're utilizing a different instant issue program provided by another company that doesn't provide service bureau issuance cards through the mail, you're going to need to coordinate those two companies along with your EFT processor, along with your manufacturer, in order to get that program up and running. It's just setting up the existing keys, the existing program, into your instant issue solution.

Instant issue can also be key in your distribution strategy. A lot of financial institutions are taking a distribution strategy that they're waiting for that card that's in the individual's hands, the magnetic stripe traditional card, to expire. That may be anywhere from a year to two years, maybe even three years out, so they're taking it very slow – they're taking a much slower approach. However, if an individual comes in whose card is not set to expire for another two years or longer but they want their EMV card immediately, instant issue is a fantastic strategy and way to help keep the customer experience positive, to help keep them engaged, to help keep them satisfied by instantly distributing an EMV card to that individual as they visit that particular branch of yours.

What if we use Harland Clarke for other services? Are the communication tools available to us? You don't have to use Harland Clarke for the card services that

we provide. If you use us for direct mail as part of the communication strategy, or you use us for digital content, you certainly have our HC Digital Solution, then we can make these communications available to you.

All right, there was another question. What is the process to follow using the chip-enabled card on automatic teller machines? Right now, because ATM cards – because ATMs do not have a liability shift until later in 2016, the step-by-steps around that have not been created. It's going to be very similar where, again, you're going to insert, and the card is just going to stay in there. Which if you think about it, many ATM cards are very similar in that aspect right now. They hold the card for the entire transaction, and then they spit the card out or they push the card out once the transaction is done.

What's going to be different about EMV when we're talking about a debit card transaction at the point of sale is the experience of not continually holding onto the card. With the magnetic stripe, you're striping it through the magnetic reader, and the cardholder continually holds onto that card. Often times, they don't even have to hand it over the merchant. They can put it directly back into their wallet. EMV, in that type of transaction, is going to be different because they're going to have to let go of their card, and the card is going to be held in the reader.

When we think about an ATM transaction, many ATMs are where you actually present the card, and the card stays within the ATM reader during the full transaction, so the experience for an ATM reader will be very similar when it comes to an EMV card than what you're experiencing right now with an ATM card.

Looking at some additional questions here, this question comes up too — some FIs are using chip and PIN cards while others are using chip and signature cards. What naming conventions are being used? Chip and PIN or chip and signature are the common naming conventions for those two types of programs. What this question alludes to and, really, what the asker is presenting to us is a financial institution has a choice when it comes to card verification methods. The card in an EMV transaction gets verified – the transaction from start to finish gets verified three ways.

The card itself gets verified immediately. Then you need to verify that the individual presenting the card is the true holder of the card, and that's where this comes into, and you have a choice. You can say I want the card and a PIN to always be used, which is very similar to an ATM transaction, a point of sale transaction. You could say I want the experience to be very similar to what they're having right now where the card is provided, and they just need to sign

like they're doing now. You could go with no card verification method. That is an option as well.

You, as a financial institution, get to determine which cardholder verification method you want, and then, you also get to determine the hierarchy in which you want them to be used. Your highest priority might be chip and PIN. Then it might be chip and signature, and then it might be no CVM. At the end of the day, the merchant actually gets to decide what it's utilizing as far as card verification method, but you get to determine your hierarchy and what you want to be made available. Chip and PIN, chip and signature are the most conventional naming that's going on.

Do you offer call center support to FIs that do not use you as a card issuance? Absolutely. Any of our marketing services, whether it be our HD Digital email communication, whether it be our call center solutions, whether it be our marketing services where we're handling the direct mail for you, you can utilize those services independently utilizing Harland Clarke as a card personalization or instant issue provider. You just simply contact your Harland Clarke rep. Let them know that you want to talk to us about communicating and educating your members, and if you utilize any one of those services, then you'll have full access to our communication strategy.

All right, in the time of issuance letter, card carrier – all right, so the card has just been issued. How many days should we give the consumer to activate their new card? How many days should we tell them we will deactivate their old card? Best practices will give them around 30 days to be able to do that, but with that messaging, and as long as you're – and if you are going to put a deadline out there, I would make sure that you do have a follow-up communication. Not only just at the time of issuance.

Hey, please activate your card. Your card will become inactive within 30 days of it being sent to you. Then I would also recommend one more card to any individual that has not activated the card prior to that 30-day communication, and you should be able to work with your EFT processor to get a list of here's who we just sent active cards out to. Who has not activated our cards? At about day 15, I would communicate back out to them saying your card's going to deactivate at this time because, again, we don't want attrition rates to increase. We want activation rates and usage to increase because we're providing a benefit to this particular program.

All right, how many days prior to the day we mail the customer their new card should we send them a prior issuance letter? Best practices have you 60 to 90 days out. Again, that is the recommendation by the EMV Migration Forum, and

we certainly agree to that. Those that are in a current distribution model, where you're putting EMV cards out on the market right now, or maybe you've already passed your 60 to 90 days, my recommendation would be, if you can't hit 60 to 90 days, any time prior to is acceptable. For those that are waiting to start their project, and maybe they're not starting it until after October or maybe even in 2016 just because that is when you were put into the queue by your EFT processor or maybe one of your other partners, it's okay to educate them right now. It's okay to let them know that this is coming, and that we're looking out for you, and that we're excited to bring you this new security benefit.

Then the question is, are EMV gift cards available? Harland Clarke does not currently provide an EMV gift card program. I have not heard or seen any other EMV gift card programs that are out there. I would imagine that those are going to be very quick to come to the market. Most financial institutions right now took care of their credit cards. Now they're just trying to figure out their debit cards, and then they will move onto other ancillary products like gift cards, and travel cards, and other type of prepaid services.

All right, got through the full list of questions, and it looks like we're coming up to just the end of our time. If you need to contact us or you have more questions, please feel free to contact us at harlandclarke.com, or my email address is on the front slide of this, or you can certainly contact your Harland Clarke representative. Matt's going to put a quick survey up. If you wouldn't mind, please let us know your satisfaction with this webinar. If you take the webinar, you are welcome to disconnect from the webinar. With that, I would like to thank everyone for your time, and please look for notifications of more upcoming webinar series on Defining EMV as well as more information on our EMV program called Chip Complete.