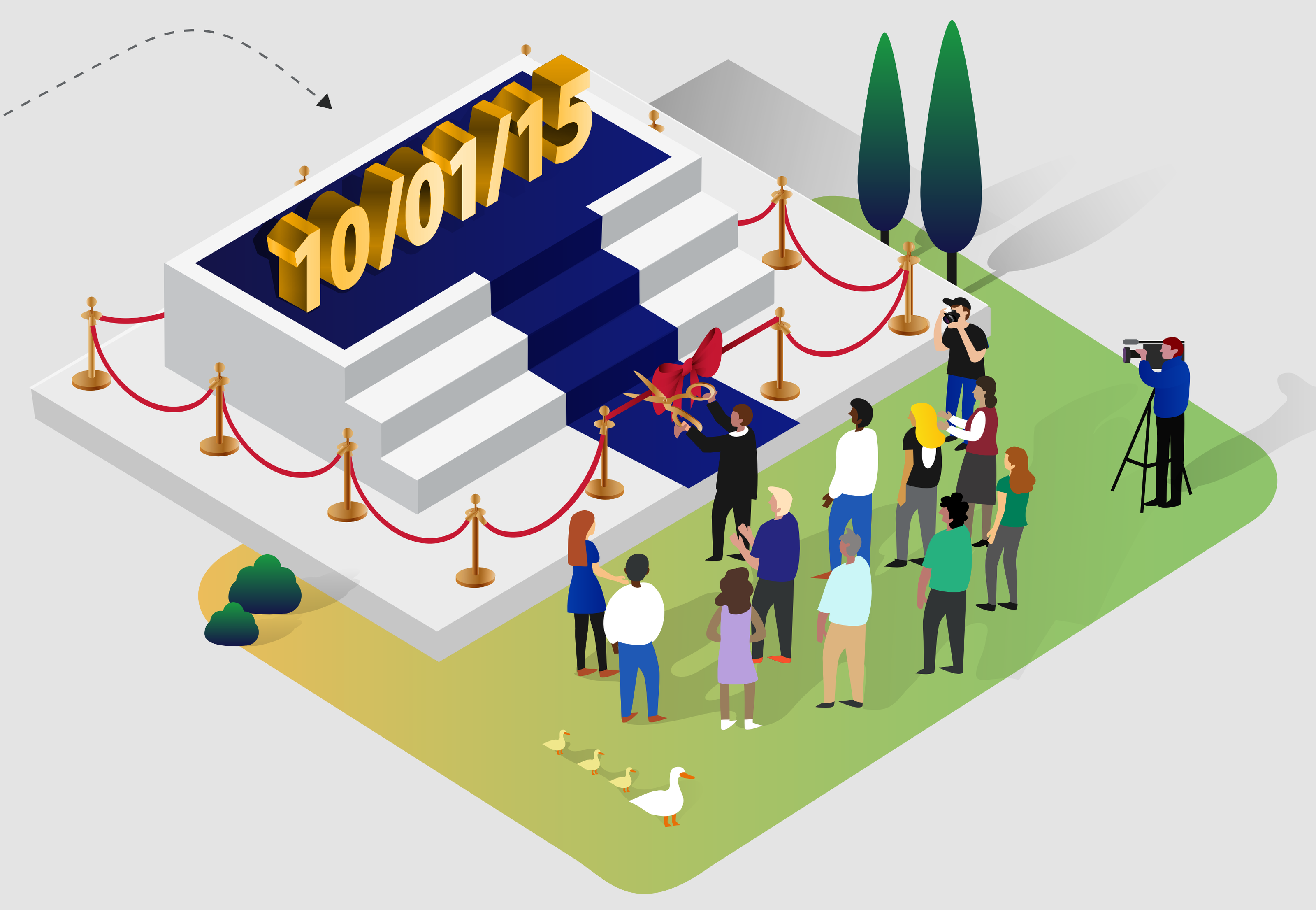
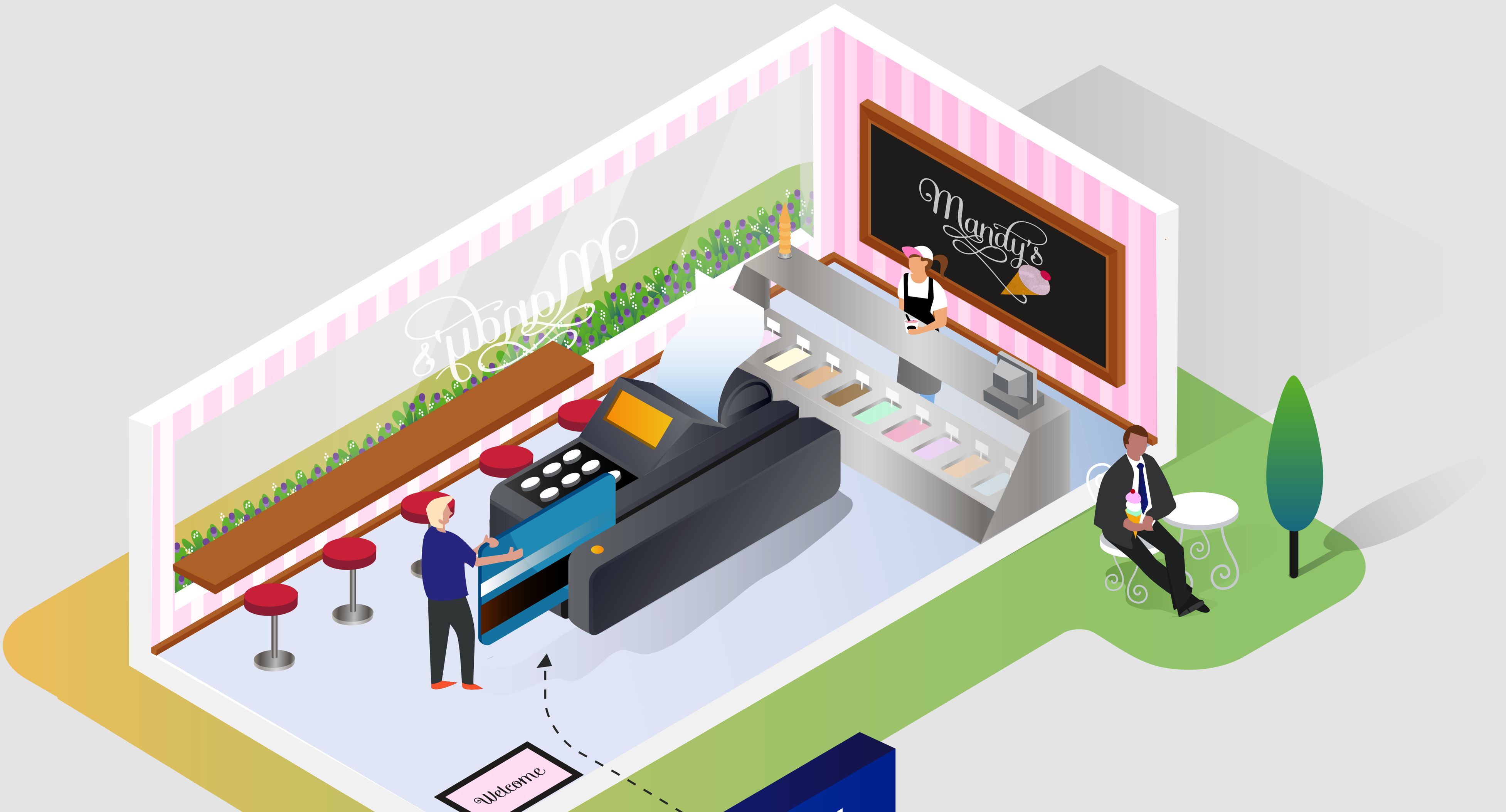
EMV CHIP LIABILITY SHIFT
Why it pays to adopt new technology

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 will shift 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.

THE NEW BASIC RULES EFFECTIVE OCTOBER 1, 2015



RULE 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.

RULE 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.

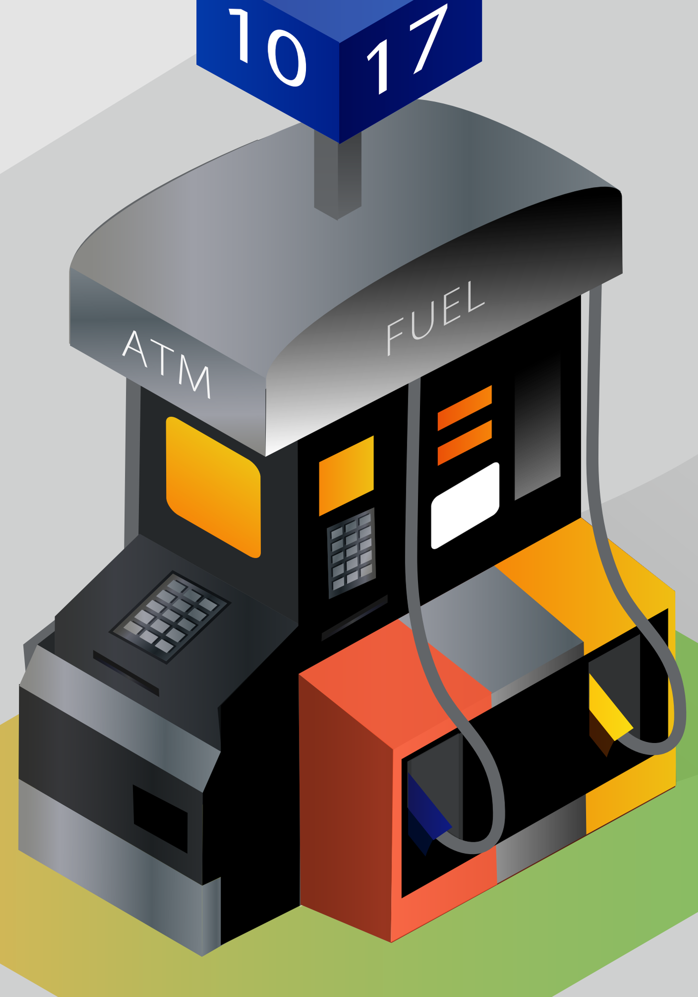
RULE 3

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 will continue 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.

EXCEPTIONS TO THE RULE



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

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

VISA everywhere you want to be