jhaPassport EMV Update:
Your Questions Answered

Presented by Keri Crane
September/October 2015

Dates contained in this document are provided as estimates only and can be changed at any time at the sole discretion of Jack Henry & Associates, Inc.
Agenda

• EMV Industry
• EMV Passport Debit Card Issuing
• EMV ATM Acquiring
• Education & Communication
• Resources
• Submit questions to askus@jackhenry.com
“Visa sees October 1 as the starting point, not the endpoint for the EMV conversion.” Stephanie Ericksen, Visa vice president of risk products

In September 4, 2015 Digital Transactions News article Visa reported the following:

- 126.1 Million Visa Chip Cards issued
  - 80.8 million or 63% credit cards
  - 46.1 million were debit and prepaid cards
- 295,000 merchant locations chip enabled out of 8 million card accepting locations
- 36,663 ATMs about 7% of estimated 535,000 bank and retail ATMs in the U.S. can read EMV chip cards.

The article also states “Payments-industry analysts have been saying for months that a full conversion from fraud-prone magnetic-stripe cards to more secure EMV cards will take years, and that’s also the thinking at Visa. According to Ericksen, it typically took about three years after the liability shifts in other EMV countries before 90% of payment card transactions were ‘chip-on-chip,’ or generated by an EMV card used at an EMV terminal.”
Industry Update - MasterCard®

According to MasterCard spokesperson at September EMV Migration Forum meeting:

- 421,000 merchant locations are accepting chip transactions, roughly 5% with projection of 20% by EOY 2015
- Majority of acceptance is EMV credit cards, EMV debit card support lagging behind due to complexities of POS network routing via US Common AID
- Majority of community banks and credit unions aren’t ready to issue debit cards
Industry Update – The POS Experience

Large retailers are installing EMV support in phases

A snapshot of variances a cardholder may experience at the terminal

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<th>Merchant Option 1</th>
<th>Merchant Option 2</th>
<th>Merchant Option 3</th>
<th>Merchant Option 4</th>
<th>Merchant Option 5</th>
<th>Merchant Option 6</th>
<th>Merchant Option 7</th>
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<tbody>
<tr>
<td>Credit Swipe</td>
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<td>EMV Debit Signature Choice</td>
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Choice = Cardholder allowed to swipe or insert
Force Chip = If cardholder swipes, terminal prompts for insert, forcing a chip transaction

- Walgreens - Majority are Option 1 with Option 2 pilot active in 3 cities, then transition to Option 3 in 4th quarter, and finally Option 7 sometime in 2016
- Walmart – Currently Option 4 and plan to transition stores to Option 7 during 4th quarter 2015
- Target & The Home Depot – Many stores are Option 5 and actively transitioning to Option 7
Industry Update – Independent Study

Javelin Forecasts U.S. to Reach Global Parity in EMV by 2018

“It is therefore forecasted that it will take until the end of 2018 for EMV card ubiquity to reach 96% of credit cards and 98% of debit and prepaid cards.”

➢ There are 1.2 Billion Payment Cards and 8 Million POS Terminals to convert!
Passport EMV Debit Card Issuing Update

- Visa & MasterCard EMV certified and betas live
- Discover EMV certification in progress
- 500 FI EMV contracts in queue
- 200 FIs staged for card vendor project ~ growing every week!
- Staging requirements include:
  - Passport certified with your card vendor
  - Host based PIN verification set up
  - FI EMV profile form received
  - Passport sends keys to FI and card vendor
  - Passport enables BIN(s) at MC/Visa for EMV processing

Q: How do I know if my FI is staged?
A: A detailed email is sent to FI main contact on profile form submitted

Q: When can I issue EMV cards?
A: When your card vendor has availability to open project to accept a Passport card order file, has stock ready, and can produce a test card for you.
Shortening the card stock process

• One approach to launch chip cards faster is to go with a pre-approved design program offered by many plastic card vendors.
• You can eliminate artwork expense, design approval process, avoid upfront inventory costs, and know that cards are in stock ensuring fast issuance.
• Launching generic cards could cut down your card vendor project time by as much as 75%.
  • For example, Personix estimates four weeks for their The Card Collection™ program.
• Ask your vendor if they have pre-approved EMV design gallery available for consideration!
EMV Instant Issue Steps

Prerequisite

• Vendor certification with the card brand for Passport supported chip profile(s)

Project Overview

• Passport will provide necessary keys to FI
• FI will work directly with vendor on ordering chip embedded plastics
• Once plastics are ready for personalization, submit test card to Passport
• Once the card passes CPV Test, Passport will instruct FI to perform field testing by visiting EMV activated terminals and performing EMV transactions
• Once field testing is deemed successful, EMV debit cards can be instant issued
• Launching projects for your card vendor is the 1st priority however if your card base is 100% supported through instant issuance in your branches, contact your Passport CRM for an EMV contract to get started
Passport EMV ATM Acquiring Update

- JHA Payments is currently certifying with networks & device manufacturers
- Work with your hardware vendor to upgrade terminal readers and software to support EMV
- Work with Passport CRM to open CWR - Client Work Request
- Once CWR is approved, the case is assigned for installation
  - New download needed for EMV transaction routing and processing
  - Hardware vendor onsite
- Beta activity by end of year, estimate projects to begin 1st quarter 2016

US ATM Acquirer/Issuer Liability Shift
MasterCard = October 2016
Visa and Discover = October 2017
Education & Communication Update

• JHA EMV Educational Micro website coming in October
• Current *Payments Newsletter & PPS Instant Issue* features four-part EMV Best Practices article
• October Monthly *Fraud Today* webinar session features Real World EMV
  • Nuances of cardholder experience, industry update, and FAQs related to understanding the security behind EMV
• Check Client Portal for weekly EMV updates & information
• Join us at Jack Henry Banking Educational Conference (BEC) October 12-15, Gaylord Palms, Orlando, FL
  • *PPS EMV Panel: Lessons Learned* – Our beta clients will discuss their experience with rolling out debit cards
The Best Resources Online

- EMV-Connection.com
- CHIP IN Educational Initiative
- GoChipCard.com
The best source for everything EMV related!

- Recorded Webinars
- White Papers
- Best Practices
- FAQs

For maximum benefit register to become a member by clicking on EMV Migration Forum
Your marketing, communications, and card services representatives can join for free resources!

Receive weekly emails
- Social media suggestions
- Communication tips
- Common educational messages and materials

CHIP IN Archive
Did you miss a mailing? Get all of the free resources, social media suggestions and communications tips from past weeks by clicking the links below:
- August 24, 2015, Consumer Week
- August 31, 2015, Small Business Week
- September 8, 2015, Cardholder Awareness Week
- September 14, Consumers & ATMs
- September 21, 2015, CHIP IN Education Initiative: GoChipCard.com

New to CHIP IN? Join the Industry-wide Education Initiative
Did you know that after one successful transaction, consumers understand how to use their new chip card? Let’s make their first impression with chip technology a positive one, and make paying with chip the “new normal” this year by joining together for the industry-wide CHIP IN Education Initiative, sponsored by the EMV Migration Forum and the Payments Security Task Force.

What is the CHIP IN Education Initiative?
The same cross-industry organizations that delivered the GoChipCard.com educational website are now asking you to chip in and help expand efforts to educate consumers and small businesses about the new chip cards appearing in their wallets and stores.

How Can You Help?
The initiative provides issuers, merchants, acquirers, networks and others with common educational messages and materials that can be shared through social media and other channels.

Join Now
Fill out this form to join the Chip In Education Initiative, and educate the market on chip cards!
Start issuing chip cards!

Ready to go chip? Contact your card issuance partners or payment brand today to learn more about issuing chip cards. To help communicate the benefits of chip cards to your cardholders, download the sample statement and card carrier packet!

How do cardholders use their chip cards to pay in store?

These basic steps will help ensure a successful transaction:

1. Insert their card with the chip end first, facing up. The chip will move until the reader reads it.
2. The cardholder will provide their signature or PIN as prompted by the terminal. Some

What are chip cards, and why should we issue them?

Chip cards are payment cards that have an embedded chip. Cardholders are going to learn to check for the chip for more secure in store transactions and will expect you to issue them a chip card soon. Your cardholders carry multiple cards in their wallets, and you want to be sure that yours is the one that they select because they feel safe and secure using it. Show them you care by issuing chip cards now.

QUESTIONS? CHECK OUR FAQS
Thank you for attending!

Questions related to this webinar can be submitted to askus@jackhenry.com