



Chip Card Fact Sheet

What are chip cards? (Also known as an EMV cards or smart cards)

A chip card is a credit card that **stores information on a computer chip** embedded in the card. It looks just like a normal credit card, except it has small metal contacts on the front. Chip cards are sometimes called “EMV” cards because they were originally designed by Europay, MasterCard and Visa.

What are the advantages of a chip card?

- Chip cards reduce credit card fraud, especially in face-to-face transactions.
- It is very easy for criminals to counterfeit the data from a credit card’s magnetic stripe, but it is virtually impossible for criminals to counterfeit the chip on a chip card.
- It is much more difficult for criminals to steal useful payment information from a chip card transaction.
- Chip card transactions are designed to prevent the card from ever leaving the cardholder’s sight, reducing the chances of the card number being stolen.

Chip cards in the United States

- Although the U.S. accounts for only a quarter of the world’s payment card transactions, half of all fraudulent card transactions happen here.
- The U.S. is the last member of the top 20 world economies to make the transition to chip cards, but the switch is occurring rapidly. Visa reported that over 141 million Visa chip cards had been issued in the U.S. by September 2015.

Why should my business accept chip cards?

- **Liability Shift:** On October 1st of 2015, Visa, MasterCard, Discover and American Express changed the rules for determining who is financially responsible for certain types of fraud. The general rule is that a merchant who doesn’t accept chip cards is responsible for any fraud at their business that chip technology would have prevented. If a merchant doesn’t accept chip cards, there is some risk of financial loss from fraud. Accepting chip cards eliminates this risk. The change in liability only affects “card present” transactions. If your business only takes credit cards over the phone or the internet, the liability shift does not affect you.
- **Customers’ peace of mind:** As U.S. consumers become more aware of the security benefits, they may start putting pressure on businesses like yours to offer chip card acceptance. After you start

accepting chip cards, your customers will see that you are doing everything in your power to keep their credit card information secure.

- Modern chip card equipment can also accept Apple Pay and other contactless payment types.

What do I need to do to accept chip cards?

You need both **equipment** and **software** that are compatible with chip cards.

- Many stand-alone terminals in use today are outdated and don't have a chip card reader. Other terminals have a chip card reader built in, but don't have chip card software available. If you use a terminal, you should contact Wind River Financial to find out if you need to purchase a new machine.
- POS systems often need an updated software version and new chip card reading equipment. Contact your POS provider and ask what steps are necessary for you to begin accepting chip cards. In most cases it is a multi-step process. Contact Wind River for guidance to ensure a smooth transition.
- Since cardholders may have to type in a PIN when using their chip card, you may find it convenient to **add a customer-facing PIN pad** to your chip card-ready equipment. PINs protect against lost and stolen card fraud. Some banks in the United States will issue chip cards with PINs, but the majority today are not.

What if I don't upgrade my equipment to handle chip cards?

- You will still be able to accept all credit and debit cards by swiping. Chip cards in the U.S. still have a magnetic stripe for compatibility with older equipment and systems.
- You will be subject to the liability shift described above, and you may incur fraud costs if specific types of fraud occur at your business.
- As consumers learn more about the security benefits of chip cards, they may start pressuring businesses to accept chip transactions.

Will accepting chip cards affect my normal processing costs?

- The card brands have not announced any new rates or incentives related to chip cards. Except for the purchase of new equipment and upgraded software, your normal processing costs should not change because of the chip card transition.

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