The webcast will begin shortly.

EMV WEBCAST PART 2:

The Impact of EMV

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CSCU’s payments solutions are tailored to what matters—serving your members.
CSCU 3-PART EMV WEBCAST SERIES

• Part 3: EMV Through the Eyes of the Consumer
  o October 1, 2:00-3:00 p.m. EST

For more information, visit www.cscu.net/webcast
The Impact of EMV

September 3, 2014

Docia Myer, CCSM, ACE-M, CSCIP-P
CPI VP, U.S. Financial Sales
CPI Card Group is a single source global provider of payment solutions including card production, data personalization, mobile technologies and fulfillment services.

With over 30 years experience in the payments market and as a trusted partner to its customers, we continue to grow our business reaching card production volume in excess of 1.3 billion annually. Our solid reputation of product consistency, quality, and outstanding customer service supports our position as a leader in the market.

Through continuous investment in our infrastructure we provide a wide range of state-of-the-art capabilities. We serve our customers from eleven locations throughout the United States, Canada and the United Kingdom. Additionally, we have the largest network of certified high security facilities in North America.
- Over 1.3 billion cards manufactured in 2012 (secure & non-secure)
- 11 Manufacturing sites worldwide
- 4 EMV major association certified, manufacturing sites
- Single Pass EMV card milling, embedding, initializing
- EMV Secure manufacturing plants ISO7816, ISO 15693, ISO14443 compliant
What is EMV?

- EMV is the globally interoperable standard specification governing transactions between chip cards and terminals in the payments industry.
- The acronym comes from the initials of Europay, MasterCard and Visa, the payment networks that originally developed the specifications.
- EMV creates a stable basis for investment in chip-based dynamic data payments across multiple form factors (contact cards, contactless devices, and mobile devices).
- Enables product-level innovation across the payment ecosystem without compromising interoperability.
What is EMV?

Upgrading to EMV will potentially deliver:
- Fraud reduction
- Reduced operational costs
- Improved risk management
- Increased card usage
- A wide range of value-added opportunities

Cardholder verification features:
- Still supports traditional methods
- CVM – Issuer can define multiple CVM’s in the card and define the conditions under which the CVM must be applied
- Offline Pin (plaintext or enciphered)
What is a Smartcard?

**Physical Makeup**
- Plastic (paper or adhesive) card with a silicon chip/module & (if contactless) an antenna
- Other possible features - signature panel, mag stripe, embossed, hologram (if financial)

**Sectors Where A Smart Card Is Used**
- Finance
- Government/ID
- Transport
- Mobile/SIM
- Vending
Global EMV

Figures reported as of Q4 2013 and represent the latest statistics from American Express, JCB, MasterCard and Visa. Figures do not include data from the United States.
Best Practices

Lessons Learned

- Communication internally is never enough
- Do not underestimate the project lead time
- Do not underestimate the role of project management
- Involve all parties at the earliest stage – rely on everyone’s expertise
EMV Product Training

CPI
- Provide training through technical sales

Client
- Assemble EMV team
- Solicit training
- Engage with association(s)
EMV Product Definition

CPI
- Product Roadmap
- Portfolios
  - Credit
  - Debit
- Contact/Dual Interface
- EMV Product Data Sheet

Client
- Product Roadmap
- Portfolios
  - Credit
  - Debit
EMV Personalization Bureau Designation

CPI
- Don’t assume that this will be the same
- Confirm for Decision Tree

Client
- Confirm readiness
- Project Manager
- Association registration
Card Design

CPI
- Chip placement to artwork
- Chip color
- Chip size (6 or 8)

Client
- Artwork to CPI
- Consider design changes
- Design services
Key Management

CPI
- CS sends key custodian list
- Test cards (test/produce)
- Approval form required

Client
- Internal / 3rd party
- Send ZCMK to CPI
- Send KMC to CPI
- Order test cards (test/prod)
- Association cert requests
- Lock down personalization profile
Live Production Card Manufacturing

CPI
- Press proof required
- Ship date confirmed

Client
- Confirm ship date
Issuance

CPI
- Consider reorders
- Consider prepaid

Client
- Issuance
Durbin Update

Context

- Compliance with Regulation II of the Durbin Amendment (Dodd-Frank Wall Street Reform and Consumer Protection Act 2010)
- Requirements to support two independent networks on the card
- On magnetic stripe technology this is achieved at the acquirer level through “BIN tables”
- For EMV, the industry has pushed for a U.S. common Debit AID (Application Identifier stored in the chip)
- AID indicates that the card is a U.S. issued debit card and shall be routed according to U.S. network agreements
Durbin Update

Solution

• The U.S. common debit AID is in fact three solutions (commonly recognized AIDs):
  - MasterCard: MasterCard International AID + Maestro U.S. common debit AID
  - Visa: Visa International AID + Visa U.S. common debit AID
  - Any AID + DNA U.S. common debit AID

• For the three solutions, 3 CVM’s are defined:
  - PIN
  - Signature
  - No CVM
## Liability Shift Dates

<table>
<thead>
<tr>
<th>Year</th>
<th>Visa</th>
<th>MasterCard</th>
<th>American Express</th>
<th>Discover</th>
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<tbody>
<tr>
<td>2011</td>
<td>EMV Liability Shift Announcement</td>
<td>EMV Liability Shift Announcement</td>
<td>EMV Liability Shift Announcement</td>
<td>EMV Liability Shift Announcement</td>
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<td>2012</td>
<td>Launch of Visa Tech Program VTP (aka EMV)</td>
<td>EMV Liability Shift: Cards aligned on date Debit/Credit</td>
<td>Merchant Acquiring Processors: POS align on EMV compliant date</td>
<td>ATM Liability Shift</td>
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<td>2013</td>
<td>Processors support Amex EMV transactions. Merchants eligible for relief from PCI Data Security Standard (DSS)</td>
<td>EMV Liability Shift: Cards aligned on date Debit/Credit Liability shift Signature to PIN CVM</td>
<td>Fraud Liability Shift (FLS) policy (on issued cards)</td>
<td>Automated Fuel Dispensers liability shift for EMV transactions</td>
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<td>2014</td>
<td>Processors &amp; merchants must be EMV certified &amp; support network data in contact &amp; contactless EMV chip card transactions</td>
<td>October 2015, there is a card issuance liability shift</td>
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*Current Industry Information*
Why Choose CPI?

CPI Card Group is the trusted partner for many leading credit unions and commercial institutions providing expertise through our highly experienced teams located worldwide. You’ll receive hands-on support from knowledgeable professionals that are trained to understand your business needs, recognize your challenges and work with you every step of the way to reach your goal, all while remaining committed to the highest level of excellence and integrity.

Experience in the market has shown that credit union member requirements are not all the same and no matter what the project, product or industry, our flexible operating model provides choices for you. We have grown with our clients and played an instrumental part in launching some of the most innovative products in the market. As the market continues to evolve, our ability to meet today’s needs while being able to adapt to solutions for tomorrow is just one reason why we continue to thrive with the demands of a fast-paced market.
Questions?
Contact Us

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