
Visa Announces Plans to Accelerate Chip Migration and Adoption of Mobile Payments

Visa is announcing plans to accelerate the migration to contact and contactless EMV chip technology in the United States. The adoption of dual interface chip technology will help prepare the U.S. payment infrastructure for the arrival of NFC-based mobile payments by building the necessary infrastructure to accept and process chip transactions.

Not only will chip technology accelerate mobile innovations, it is also expected to secure payments into the future through the use of dynamic authentication. Chip technology greatly reduces a criminal's ability to use stolen payment card data by introducing dynamic values for each transaction. Even if payment card data is compromised, a counterfeit card would be unusable at the point-of-sale without the presence of the card's unique elements. By eliminating static authentication, we reduce the value of stolen cardholder data, benefiting all stakeholders.

Visa's plan includes merchant incentives to upgrade to EMV chip-enabled terminals, requirements for acquirer processors to support chip acceptance and the introduction of U.S. liability shift policies.

Specifically, Visa will waive PCI DSS compliance validation requirements to encourage merchant investment in contact and contactless chip payment terminals. Visa will also require acquirer processors to ensure their systems support dynamic data acceptance, i.e., chip, and will institute a domestic and cross-border counterfeit liability shift.

Infrastructure Upgrade and Dynamic Authentication Benefits

The adoption of chip technology based on global standards will help prepare the U.S. payment infrastructure for the arrival of Near Field Communication (NFC)-based mobile payments, given that the underlying processing infrastructure and required back-end systems are the same as for EMV chip cards. Additionally, in a card-present or physical POS environment, EMV chip technology has proven to be the most effective and broadly adopted dynamic data authentication solution available in the marketplace today.

EMV chip technology is already being used around the world to facilitate contact, contactless and mobile payments, and has been leveraged for emerging complementary services like public transit, Internet and mobile banking. Based on extensive research and the positive experience expressed by many major countries, Visa will promote the broad adoption of EMV chip technology in both contact and contactless / mobile form factors for card-present transactions across all markets, including the U.S.

As the POS payment infrastructure continues to evolve from the static magnetic stripe to intelligent devices such as EMV chip cards and NFC mobile phones, it is critical to ensure that cardholders can continue to make convenient, secure and reliable payments for card-absent transactions as well.

Visa's new digital wallet with "click-to-buy" functionality will be able to support dynamic authentication across multiple channels, including the e-commerce environment.

Visa will also enhance intelligent network-based fraud detection tools, such as Visa Advanced Authorization, to complement dynamic and risk-based authentication methods.

Roadmap for U.S. Migration to Dynamic Authentication Solutions

Visa's plan to encourage U.S. adoption of dynamic EMV chip authentication technology includes the following three initiatives:

1. Expand the Technology Innovation Program (TIP) to merchants in the U.S. For more information, refer to the 9 August 2011 *Visa Bulletin* "[Visa Expands Technology Innovation Program for U.S. Merchants to Adopt Dual Interface Terminals.](#)"
2. Build the processing infrastructure for chip acceptance by establishing a U.S. acquirer processor EMV chip processing requirement. For more information, refer to the 9 August 2011 *Visa Bulletin* "[Visa Sets U.S. Acquirer Processor Mandate for Chip Transaction Processing.](#)"
3. Establish domestic and cross-border POS counterfeit liability shift policies. For more information, refer to the 9 August 2011 *Visa Bulletin* "[Visa Announces U.S. Participation in Global Point of Sale Counterfeit Liability Shift.](#)"

Over the coming months, Visa will provide technical guidance to issuers, acquirers, processors and merchants to support payment system participants as they execute these actions.

While stakeholders collectively prepare for the future, Visa will continue to secure the current payment environment by:

- Providing effective network-based risk management services, like Visa Advanced Authorization and Transaction Alerts
- Ensuring that all participants do their part to protect sensitive cardholder data by, at a minimum, complying with Payment Card Industry Data Security Standards (PCI DSS)
- Evaluating and promoting new security solutions, such as encryption and tokenization, as they emerge.

Next Steps

Over the coming months and years, Visa will make adjustments to its products, operating regulations and security programs to help consumers, issuers, acquirers and merchants adopt dynamic authentication solutions. This effort will also require the participation of many key entities; Visa is committed to working with its stakeholders to further develop the industry's U.S. and global roadmap to adopt EMV chip technology.