EMV 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 can be inserted or tapped to process payments, and are more secure than magnetic stripe cards. The shift is designed to make it virtually impossible to counterfeit cards, helping to eliminate in-store fraud.

LIABILITY GUIDELINES EFFECTIVE OCTOBER 1, 2015
On October 1, 2015, in-store counterfeit fraud liability shifts 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.

SCENARIO 1
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.

SCENARIO 2
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 continues 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.

SCENARIO 3
A chip card is used at an ATM.
Liability for automated fuel dispensers and ATM transactions shifts in October 2017. The EMV liability shift does not apply to card-not-present transactions and lost and stolen fraud. In these cases, the liability remains subject to existing liability and chargeback rules.

When magnetic stripe cards are used at a magnetic stripe terminal, the liability for counterfeit fraud falls on the issuer.
After October 1, 2015, this is where the liability for counterfeit fraud falls depending on the card and terminal used:

EXCEPTION
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.

<table>
<thead>
<tr>
<th>Card Used</th>
<th>Terminal Available</th>
<th>Party Liable for Counterfeit Fraud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
<td>Issuer</td>
<td>Issuer</td>
</tr>
<tr>
<td>EMV chip</td>
<td>Issuer</td>
<td>Issuer</td>
</tr>
<tr>
<td>EMV chip</td>
<td>Mag stripe only</td>
<td>Merchant</td>
</tr>
<tr>
<td>EMV chip</td>
<td>Mag stripe only</td>
<td>Merchant</td>
</tr>
<tr>
<td>Mag stripe only</td>
<td>Issuer</td>
<td>Issuer</td>
</tr>
</tbody>
</table>

For more information, visit Visa.com/EMV.