



## Play it Smart With U.S. Chip Payment Transactions



Chip payment acceptance is rapidly growing worldwide. As the U.S. migrates to an EMV®-based\* infrastructure, T&E merchants are encouraged to start thinking about the terminal upgrades and specific processes and procedures they may need to support emerging chip technologies.

This document is intended to provide U.S. hotel, car rental, and restaurant merchants an overview of EMV chip technology and guidelines for how to successfully integrate chip acceptance into their payment processing environment.

### **IMPORTANT!**

Visa chip cards also have a magnetic-stripe on the back to ensure acceptance at POS terminals that do not have a chip-reading device.

### Why Chip?

EMV technology, which can be used in chip cards or in NFC mobile phones, adds an additional layer of security to in person transactions by generating a cryptogram that is unique to each transaction. EMV technology helps reduce the value of stolen data. Global market migrations to EMV have proven that chip technology is an effective tool in combatting counterfeit fraud.

Even though U.S. merchants are not required to support chip processing, there are advantages for those who do. By updating their point-of-sale (POS) systems to accept contact chip payments, merchants are taking the necessary steps to be ready for the POS liability shift which was instituted in the U.S. starting October 1, 2015.

Under this global POS counterfeit liability shift, merchants that are not using contact chip terminals may be liable for fraud losses if data from a contact chip card is copied and used to create a counterfeit card that's used at their store.

In addition, the migration to chip technology is creating a strategic framework that supports future growth and value for all key stakeholders in the payment industry. EMV helps prime the U.S. payment platform for the arrival of mobile technology as more customers want to simply wave their mobile devices at a point-of-sale terminal to make a purchase.

Migrating to EMV chip can also help drive incremental transactions. By moving the U.S. to the same advanced authentication technology used widely throughout the world, global acceptance and authorization should increase (for both US and foreign cardholders) as issuers should have a greater confidence in the security of the transactions and as U.S. travelers experience enhanced acceptance while traveling abroad. As a result, merchants and acquirers should see an increase in volume coming from both domestic and foreign cardholders

## How Chip Card Acceptance Works in the U.S.

Chip card acceptance at a T&E merchant POS terminal is similar to the magnetic-stripe card with just a few subtle differences. Here's a quick look at a contact chip transaction from start-to-finish. Depending on the equipment setup, either the merchant or the customer will handle the Visa card during the EMV chip transaction process. The following example assumes that the merchant is handling the card.



1

Cardholder presents chip card for T&E purchase.



2

Merchant inserts the chip portion of the card into the terminal with the chip facing up. It's important to leave the card in the terminal until the transaction is complete. If the card is removed too soon, the transaction will end and the purchase will not be processed.

3

Merchant follows the prompts on the terminal's screen. The terminal will display the:

- Purchase amount prior to tip (Restaurant), or
- Estimate of the initial authorization amount (Hotel and Car Rental).

*For EMV chip transactions, the card and chip-reading device work together to determine the appropriate cardholder verification method (e.g., signature, No Signature Required, or PIN).*

4

Merchant:

- Follows terminal prompts and confirms cardholder verification as needed.
- Removes the card when prompted to do so.
- Provides a copy of the receipt to the customer as is currently done for magnetic-stripe transactions. (Receipt practices do not change with EMV chip transactions).

## Handling EMV Chip Transactions in Specific T&E Industries

While chip technology may enable additional services with new cardholder and merchant interfaces, existing T&E chip transactions should flow through the payment processing system in the exact same way they do today. However, there are a few new acceptance rules that apply specifically to T&E chip card transactions. On the next page, for your benefit, is a quick reference chart which provides an overview of the Visa-recommended chip rules for T&E merchants.

## Additional Visa Resources for Merchants

Visa offers a number of card acceptance resources as part of its merchant education program. Current publications are available as downloadable PDF files in the [Merchant Library](#).

# Quick Reference

## Handling EMV Chip Transactions in Specific T&E Industries

 = Hotels    = Car Rentals    = Restaurants

| Process   | Recommendations  |
|---|--|
| <b>Gratuity</b><br>  | <p>After authorization, add any gratuity or tip of up to 20 percent of the base transaction amount to the authorized amount submitted in the clearing record, just as you do today. In this instance, the authorized amount should always be equal to the amount of the bill prior to any added tip.</p>   |
| <b>Hotel Reservations</b><br>   | <p>Handle reservations as you normally would. The reservation process usually does not involve the card being present or the chip being read.</p>  |
| <b>Hotel Check-In<br/>Vehicle Check-Out</b><br>                           | <p>Complete estimated authorization at Check-In/Vehicle Check-Out.</p> <p>Determine an appropriate estimated amount to be authorized, based on the guidelines outlined in the <i>Visa Acceptance Guide for the Lodging Industry</i> and <i>Visa Acceptance Guide for the Car Rental Industry</i> guides available at <a href="http://www.visa.com">www.visa.com</a>.</p> <p>Process the authorization as you do today.</p> |
| <b>Extended Stay/Rental<br/>or Higher Estimated<br/>Spending</b><br>  | <p>If the estimated amount of the original authorization is no longer adequate to cover the estimated final bill, perform an incremental authorization. The card does not need to be present, and the authorization should not include chip data.</p>  |
| <b>Hotel Check-Out<br/>Vehicle Check-In</b><br>                       | <p>It is not necessary to perform a full EMV chip transaction once the final transaction amount is known. Generate a sale completion for the final billing amount and, if chip data is required for clearing, then include the chip data from the original authorization. The final amount should be displayed to the cardholder. Provide receipts as you do today.</p>  |

