

EMV – *The World is a Changin'*

By Greg Kuyava



Not long ago, I was sitting on my deck with my children watching the lunar eclipse. As the shadow started to creep across the moon's surface creating a "blood moon" effect one of my children asked me why the blood moon lunar eclipse occurs. I looked at them with kind, gentle and understanding eyes and simply stated, "Because later this week, the EMV Liability Shift is taking place and the world is a changin'."



Fast forward a few days to October 1. I was in Atlanta on business travel and was hesitant to step outside of my hotel for fear of what I might find. To my pleasant surprise, the sky had not fallen, the sun looked to be in its correct celestial position and life as I knew it was continuing ... just a little more secure.

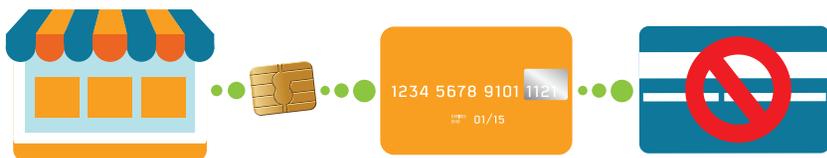
How did we get here?

The October 1 liability shift was just one of many steps for EMV migration in the U.S. It started back in 2011, when Visa® and MasterCard® announced their U.S. migration plans. The other card associations soon followed, and the industry began taking the necessary steps to successfully convert. Compared to Canada, which took more than 10 years to migrate to EMV, the U.S. has come a long way in a very short time.

At the September 2015 EMV Migration Forum meeting in Dallas, the tone among industry leaders was optimistic. Already, the U.S. has the most chip cards in the world. The "big box" merchants are leading the way with a significant number of their branch locations already supporting EMV transactions. These larger merchants increase their location readiness every month. Even the number of EMV-ready small businesses is increasing at a promising rate month over month. Today, your transaction may not be running as an EMV transaction every time, but the frequency in which it does will continue to grow.

Magnetic stripe, it will be a long goodbye

There is still a lot of work to be done before the U.S is fully migrated to EMV. Many financial institutions are in mid-migration and some will not be distributing EMV cards until the end of 2016. Even with the good progress by merchants to implement EMV POS readers, it will be a few years before we get to 100 percent.





So, it's not quite time for the magnetic stripe to call it a career. Sure, it's gotten us into some trouble in recent years, but it's served us well since being introduced in the 70s. And now, like great athletes who sometimes stay past their prime, the magnetic stripe is being pushed by a new, younger, more secure kid in the lineup called EMV. The time is quickly approaching for the magnetic stripe to start thinking about its retirement tour - but the question is when?

The consensus at the EMV Migration Forum was the magnetic stripe is here to stay for the foreseeable future (or approximately five to 10 years). We all agree that until we have full merchant participation, the magnetic stripe will

still serve a purpose. At some point, a sunset date will be agreed upon, but until then the magnetic stripe will continue to "pinch hit" when needed.

If long goodbyes make you uncomfortable, the next few years are going to be difficult.

Now where do we go?

Now that the basics of the EMV migration have been established and cards issued into the market, a number of new topics are arising. For example, industry experts will continue to discuss solutions and best practices for Card-Not-Present transactions, an obvious weak point. In addition, how will PIN Bypass solutions affect future EMV card programs? We also need to educate ourselves on how to best combine EMV, Encryption and Tokenization to protect against new and evolving threats.

But, first things first, as we need to get to a 100 percent EMV market for both issuers and merchants. Other markets, like Automated Fuel Dispensers, are planning EMV migration over the next few years. The ATM Liability Shift is set for October 2016. As issuers take a moment to catch their breath from their EMV card program migration, they now must start preparing their ATM machines.

Personally, I can't wait to see what color the moon will change to in October 2016.



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