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VeriFone Perspectives on EMV in the U.S.

MasterCard's announced roadmap for EMV adoption in the U.S., with Visa's similar initiative last August, signals that the U.S. is embarked inevitably on a path to embrace the global standard for authenticating credit and debit card transactions and further reduce the potential for fraud.

VeriFone welcomes these clear directives from the two leading card brands. VeriFone's expertise in implementing EMV compliant payment systems around the world provides assurance to U.S. merchants, processors and acquirers that a speedy and successful migration is possible.

With the coming shift in liability for fraud costs, and in light of growing evidence that card fraud is increasingly migrating to non-EMV countries, VeriFone encourages earliest adoption of this critical payment technology to assist in building a complete defense against criminal elements.

EMV's authentication technology ensures stronger security of the payment system and better protection of consumer data. Both MasterCard and Visa are encouraging adoption by offering economic incentives that effectively lower the overall costs of PCI compliance.

VeriFone endorses adoption of the most secure option - EMV Chip & PIN - so that merchants, acquirers and processors place themselves at the most advantageous position in the liability hierarchy articulated by MasterCard, and therefore achieve maximum protection.

As MasterCard points out, when used with EMV payment acceptance devices, EMV cards can be instantly authenticated through a process called dynamic authentication and "when used with a PIN (Personal Identification Number), the chip verifies that the consumer is indeed holding his or her own device." The Merchant Advisory Group (MAG), a cross-industry association of large merchants involved in the payments industry, has also endorsed Chip & PIN for U.S. electronic payments.

A recent Federal Reserve article "Retail Payments Risk Forum Working Paper" pointed out that "Transactions conducted with EMV chip-embedded cards that use PIN verification are more secure than transactions conducted using magnetic stripe technology."

The Federal Reserve paper also asserts that markets that have migrated or are in the process of migrating to EMV chip-and-PIN have seen a significant decrease in fraud, while "overall fraud levels in the United States are trending upward."

To date, VeriFone has shipped millions of EMV payment acceptance devices globally and provides a comprehensive portfolio of services and software to implement EMV. VeriFone supports these important initiatives and our experience delivering EMV solutions internationally ensures a smooth path to adoption in advance of upcoming deadlines.