

The New EMV Cards

What, Why & How



EMV stands for Europay, MasterCard and Visa, a global standard for cards equipped with computer chips (the technology used to authenticate chip-card transactions). U.S. card issuers are migrating to this new technology to protect consumers and reduce the costs of fraud. For merchants and financial institutions, the switch to EMV means adding new in-store technology and internal processing systems, and complying with new liability rules. For consumers, it means activating new cards and learning new payment processes. Most of all, it means greater protection against fraud.

State Bank of New Prague will begin issuing the new EMV cards in early 2016 and we want our customers to be as comfortable with the change as possible. Here are the answers to a few questions that are likely to arise:

1. Why are EMV cards more secure than traditional cards?

You will see a small metallic square on the new cards. This chip will communicate with the card issuer and create a unique code for each transaction. With current strip technology, data on a magnetic strip is never changed. Once obtained by counterfeiters, magnetic strip data can be replicated and used over and over again. However, if a hacker steals the chip information from one specific point of sale, card duplication would never work because the stolen transaction number wouldn't be usable again and the card would get declined.

2. How do I use an EMV card to make a purchase?

Just like magnetic strip cards, EMV cards are processed for payment in two steps: card reading and transaction verification. However, chip cards are read in a different way. Instead of going to a register and swiping your card, you are going to do what is called "card dipping" which means inserting your card into a terminal slot and waiting for it to process.

3. How do I activate my new card?

Your new card will arrive in the mail. You will activate the card by calling the 1-800 number on the sticker on the card. When you call to activate, you will answer a couple questions to identify yourself and program the PIN of your choice. Then, your card will be ready to use.

4. If fraud occurs with EMV cards, who is liable for the costs?

Today, if an in-store transaction is conducted using a counterfeit, stolen or otherwise compromised card, consumer losses from that transaction fall back on the payment processor or issuing bank, depending on the card's terms and conditions. After October 1, 2015 the liability for card-present fraud shifted to whichever party is the least EMV-compliant in a fraudulent transaction. That will be the issuing bank or the merchant.

5. If I want to use my EMV card at a retailer that doesn't support EMV technology yet, will it work?

Yes. Your State Bank of New Prague card will be equipped with both chip and magnetic strip functions so consumer spending is not disrupted and merchants can have time to adjust.

If you find yourself at a point-of-sale terminal and are not sure whether to dip or swipe your card, have no fear. The terminal will walk you through the process.