



EMV Chip Technology: A Quick Reference Guide for Hoteliers

In 1992, chip technology was introduced in Europe to improve credit and debit card security and is now a standard in more than 80 countries, embedded in over 2 billion cards and accepted by 37 million POS terminals. This antifraud technology is now being rolled out the US, the last major market still using the magnetic-stripe card system. In order to help hoteliers understand the impact on their operations, security and liability, this document answers frequently asked questions and provides resources for additional information.

1. What is EMV chip card technology?

EMV¹ chip or “smart” cards are credit, debit or prepaid cards that have an embedded microchip. The microchip generates a dynamic one-time use code (a cryptogram) that prevents the data from being re-used to create counterfeit cards.

2. How does the EMV chip card technology work?

When a chip card is used, the chip not only relays information that is currently held statically in the magnetic-stripe, but it also generates a unique one-time code for each transaction. When the same chip card is used at another location, a new unique code is generated. This feature is virtually impossible to replicate in counterfeit cards.

3. EMV chip technology timelines

By installing a chip-activated terminal, you are protecting your business from on-property counterfeit fraud and the liability that may come along with it starting October 1, 2015, known as the "EMV Liability Shift." Implementing this technology is not mandatory but should be considered as part of your overall security strategy.

4. What does the fraud liability shift mean for hoteliers?

October 1, 2015 is the Fraud Liability Shift date for cards and POS devices; this date is aligned across all of the major payment brands. After October 1, 2015, the party that does not support EMV—which can be either the card issuer or the merchant (i.e. hotel)—assumes liability for counterfeit card transactions.

The Fraud Liability Shift is not a mandate, so there is no penalty if you do not meet this date, though you will assume the liability for fraudulent card use, and may see this increase as fraudsters target less secure hotels that have not implemented chip technology.

5. How to implement EMV chip technology?

In order to accept EMV chip payment devices, your POS terminal will need to be EMV capable and enabled. You may already have a chip-capable terminal, which may need to be enabled or you may need to purchase a new EMV terminal. Your first step will be contacting your payment processor who will be able to assist you with upgrading to an EMV capable and enabled terminal.

¹ EMV stands for Europay, MasterCard, and Visa, the three companies that created the standard. The standard is now managed by EMVCo, which is controlled equally by Visa, Mastercard, JCB, American Express, China UnionPay, and Discover.

6. Three easy steps to processing credit card transactions once EMV is implemented

- 1 - The customer should insert their card with chip toward terminal, facing up, and should not remove the card until prompted.
- 2 - The customer will provide their signature or PIN as prompted by the terminal. Some transactions may not require either.
- 3 - When the terminal says the transaction is complete, the customer should remove their card.

7. How are no shows processed with EMV chip technology?

If a cardholder fails to cancel a reservation or claim the room, you may submit a sales draft for one night's accommodation, plus any applicable tax to the credit card company. Simply write "no show" on the signature panel of the sales draft and complete all sections of the sales draft, or complete an electronic keyed transaction as described in the procedure "Priority check-out (card no longer present)."

8. How to process chip card transactions if EMV technology has not been adopted by the hotel?

Chip cards will still have a magnetic stripe on the back, so even if a terminal is not yet chip-enabled, customers can use their card as they do today and there will be no change as to how the hotel processes transactions.

9. Links to additional information on EMV chip technology

For additional information on EMV chip technology you can refer to either Visa's EMV toolkit at <http://usa.visa.com/merchants/grow-your-business/payment-technologies/credit-card-chip/resources/merchant-toolkit/index.js> or Mastercard's EMV website at <http://www.mastercard.us/mchip-emv.html>

10. EMV chip technology and security

Please note that EMV chip technology should be a part of your overall security strategy but should not be considered to be the sole solution to security issues that hoteliers face.