

EMV

When to Wait and When to Move



THE MEMBERS GROUP®



Welcome

CO-OP and TMG: Leaders in Innovation



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Agenda

- ✦ Past Webinars and Milestones
- ✦ Objectives
- ✦ Debit vs. Credit
- ✦ Impact on Credit Unions and Members
- ✦ Case Studies
- ✦ Moving Forward
- ✦ Recap

Our EMV Webinar Series



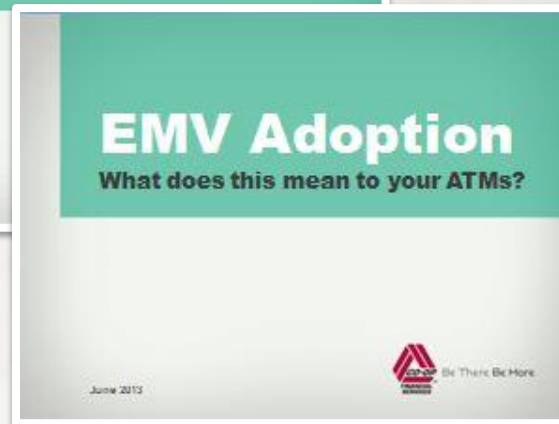
Webinar #1 - October 25, 2012

“EMV is coming. Here’s how to stay ahead of the trend.”



Webinar #2 - March 22, 2013

“EMV is coming. But it’s ever changing.”



Webinar #3- June 11, 2013

“EMV Adoption - What does this mean to your ATMs?”

Our EMV Webinar Series

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CARD PAYMENTS

- Debit
 - Analytics and Rewards
 - Fraud and Risk Management
 - Card Support Services
 - Alternative Payments
 - Debit Transaction Processing
 - Alerts
- Credit: Full Service and In-House
- Performance & Usage

EMV Resource Center

Your Source for EMV News, Information and Answers

Massive worldwide acceptance attests to the momentum behind EMV® chip card technology. This Resource Center has been established as an online hub to provide you with the latest developments and information regarding migration to the EMV open standard. You'll find it's your go-to location for up-to-date EMV news, white papers and webinars, and links to key EMV resources across the Web. It's your direct connection for prompt, expert answers to your EMV-related questions as well. We invite you to visit often to find the help you need to make informed decisions as EMV evolves in the years ahead.

DOWNLOADS

- [EMV FAQ](#)
- [White Paper - EMV: Adoption](#)
- [View our EMV Webinar #1](#)
- [View our EMV Webinar #2](#)
- [View our EMV Webinar #3](#)
- [White Paper - EMV: Let's Do This Right](#)

RELATED PRODUCTS

- [ATM](#)
- [Debit](#)

All of these previous webinars are available for viewing or download. Please visit our website's EMV Resource Center area.

EMV Milestones

10/2015



Card Present Liability shift



10/2016



MC ATM Liability shift



10/2017



Liability shift for Petro Merchants and VISA ATM



Objectives for today

- ✦ Understand how EMV's implications differ for:
 - ✦ ATMs
 - ✦ Debit Card Programs
 - ✦ Credit Card Programs
- ✦ Next steps to kick-off your EMV planning
- ✦ Gauge potential costs

Debit & Credit: Is there a difference?

- ✦ EMV applications **ARE** debit/credit agnostic.
- ✦ Regulations and network implications **ARE NOT.**

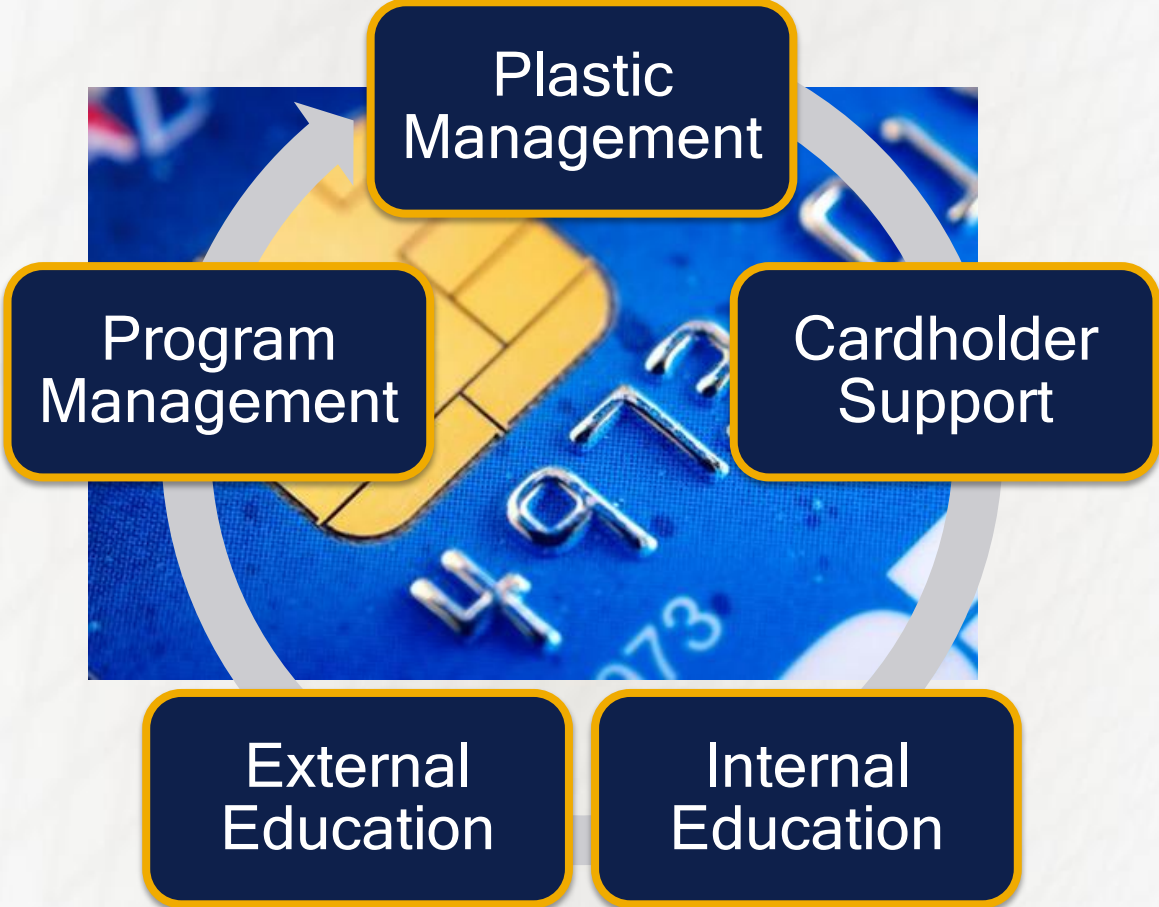


Downloading Debit

- ✦ Durbin requires two unaffiliated networks and merchant routing control.
- ✦ EMV routes only to proprietary network that owns the application.
- ✦ Competitive market in U.S. with 18 debit networks
- ✦ Portability between networks not supported without card reissuance.

...but credit
presents none
of these
roadblocks.

Credit Union Impact



The Impact on ATM



✦ For Credit Unions:

- ✦ ATM routing goes to the application loaded on the card and terminal.
 - ✦ On - Us transactions will likely still stay within the host network.
 - ✦ Other transactions will be routed to the network with the matching application.
- ✦ Changes in AIDs may be done remotely.
- ✦ No mandates, analysis will inform your roadmap.
- ✦ Skimming constitutes most ATM fraud losses.
- ✦ Enable EMV at all or only some ATMs, particularly hardware.

✦ For Members:

- ✦ Must understand EMV impact on the member experience.

The Impact on Debit

✦ For Credit Unions:

- ✦ Debit Routing not finalized
- ✦ Any debit cards issued now likely need to be reissued once issue resolved
- ✦ Recent Durbin ruling slowing the market
- ✦ Cost analysis/member impact/risk tolerance dictating roadmap

✦ For Members:

- ✦ Member experience between credit and debit the same
- ✦ Unsure what terminals will present vis-à-vis PIN versus signature

The Impact on Credit

✦ For Credit Unions:

- ✦ Increased member satisfaction, particularly for international travelers
- ✦ Reduced fraud once terminals are deployed
- ✦ Enhancement of brand relevance
- ✦ Cardholder support updates and training

✦ For Members:

- ✦ Member Education on how to use
- ✦ Increased acceptance when travelling



EMV Case Studies



Gearing up for ATM

Financial Partners Credit Union, Downey, CA

- ✦ \$820 million in assets
- ✦ 50,000 members
- ✦ 32,000 debit cards & 17 ATMs, primarily on Boeing campuses



EMV STRATEGY

- ✦ Fast Follower to the Market Leaders
- ✦ Ensure ATM machines are ready
- ✦ Define cardholder experience to determine equipment needs and member education
- ✦ Strategically choose which ATMs to enable first
- ✦ Participating in CO-OP/MasterCard pilot

Preparing but waiting on Debit

Financial Partners Credit Union, Downey, CA

EMV STRATEGY:

- ✦ Wait and see on debit
- ✦ Work out processes for ordering, reissuing, design, marketing, etc.
- ✦ Due to Durbin and reissuance requirements, issue only to support travelers
- ✦ Participating in CO-OP/MasterCard pilot



Full Service Credit – Early Adopter

Alliant Credit Union, Chicago, IL

- ✦ 8.2 billion in assets
- ✦ 278,000 members
- ✦ 49,000 credit card accounts



CHIP CARD STRATEGY:

- ✦ Natural reissue to all cardholders
- ✦ Accommodate travelers as necessary
- ✦ Follow Visa streamlined program
- ✦ Part of TMG pilot group

How EMV Plays Out

- ✦ **ATM:** Don't rush to migrate full fleet, but begin the process.
- ✦ **DEBIT:** Hold off for now.
- ✦ **CREDIT:** Ready to move.

Moving Forward



EMV & Credit Card Issuance

✦ Today

- ✦ Streamlined product pilots
- ✦ Large credit unions
- ✦ Those with members overseas
- ✦ Travelers
- ✦ First movers

✦ 2014 & 2015

- ✦ Streamlined products live
- ✦ Queues growing
- ✦ Many trying to meet Oct 2015 date
- ✦ Natural reissue vs. mass reissue
- ✦ Costs decreasing



Credit EMV – How to Move Forward

✦ Education

- ✦ Internal
- ✦ Member

✦ What is the impact on the credit union?

- ✦ Member support
- ✦ Website

✦ Timing

- ✦ First mover or late follower?

✦ Vendors

- ✦ Queues
- ✦ Who in your payment flow is affected?



Moving forward: Assessing ATM

- ✦ Analyze traffic, transactions and fraud losses.
- ✦ Assess costs accurately to determine timing.
- ✦ Evaluate ATMs and transactions:
 - ✦ How many ATM transactions from international cards?
 - ✦ How many foreign (not on-us) transactions?
 - ✦ Fraud loss
 - ✦ ATM readiness
- ✦ Partial or full fleet deployment

Moving forward – Debit Debate

- ✦ Analyze traffic, transactions and fraud losses.
- ✦ Assess costs accurately to determine timing.
- ✦ International travelers - not fraud loss - is biggest motivator
 - ✦ EMV will reduce fraud eventually, but impact is minimal in short-term
- ✦ Debit is costly given the likely reissuance to meet Durbin requirements

Budgeting for EMV

- ✦ **CO-OP budgeting tool helps gauge EMV costs for:**
 - ✦ Cards (Debit or Credit)
 - ✦ ATMs
- ✦ **Easy to use, yet detailed enough to help you budget and determine timing**
- ✦ **Available through your national relationship manager**

Key Stakeholders

- ✦ **EMV implementation involves many players:**
 - ✦ Processors
 - ✦ Card Manufacturers
 - ✦ Card Personalization Vendors
 - ✦ ATM Vendors
 - ✦ Networks (Visa/MC)
 - ✦ Core processors
- ✦ **Internal Staff**

In Summary...

- ✦ Understand how EMV's implications differ for:
 - ✦ ATMs
 - ✦ Debit Card Programs
 - ✦ Credit Card Programs
- ✦ Next steps to kick-off your EMV planning
- ✦ Gauge potential costs

Thank you
for joining us today!



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- ✓ Blogs
- ✓ Ask the Expert
- ✓ Links to other resources
- ✓ Webinars - download the slides or listen to the recording from any of the three in our series of EMV webinars.



Slides



EMV Webinar Recording