

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

It's that small, metallic square you'll see on new cards. That's a computer chip, and it's what sets apart the new generation of cards.

The magnetic stripes on traditional credit and debit cards contain unchanging data. Whoever accesses that data gains the sensitive card and cardholder information necessary to make purchases. That makes traditional cards targets for counterfeiters.

If someone copies the information from a magnetic stripe, they can easily replicate that data over and over again because it doesn't change. Unlike magnetic-stripe cards, every time an EMV card is used for payment, the card chip creates a unique transaction code that cannot be used again.

**If a hacker stole the chip information from one specific point of sale, typical card duplication would never work because the stolen transaction number created in that instance cannot be used to complete other transactions.**

EMV technology will not prevent data breaches from occurring, but it will make it much harder.

Experts hope it will help significantly reduce fraud in the U.S., which has doubled in the past seven years as criminals have shied away from countries that already have transitioned to EMV cards.

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

Just like magnetic-stripe cards, EMV cards are processed for payment in two steps: card reading and transaction verification.

Instead of going to a register and swiping your card, you are going to insert your card into a terminal slot and wait for it to process.

When an EMV card is inserted, data flows between the card chip and the card issuer to verify the card's legitimacy and create the unique transaction data.

## **3. Will I still have to sign or enter a PIN for my card transaction?**

You will still sign or enter a PIN for transactions. If you are using your card at an ATM, you will still enter your PIN as you do now.

## **4. If fraud occurs after EMV cards are issued, who will be liable for the costs?**

On Oct. 1, 2015, card present fraud liability will shift to whoever is the least EMV-compliant party in a fraudulent transaction. Consider the example of a financial institution that issues a chip card

used at a merchant that has not changed its system to accept chip technology. This allows a counterfeit card to be successfully used. The cost of the fraud will fall back on the merchant.

Any parties not EMV-ready by October 2015 could face much higher costs in the event of a large data breach. Automated fuel dispensers will have until 2017 to make the shift to EMV. Until then, they will follow existing fraud liability rulings.

**5. So by Oct. 1, 2015, the transition to EMV technology will be complete?**

Not exactly. Although the upcoming deadline is strong encouragement for all payment processing parties to become EMV-compliant as soon as possible, experts do not believe everyone will comply by that date.

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

Yes. The first round of EMV cards will be equipped with both chip and magnetic-stripe functions so your spending is not disrupted and merchants can 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.

**7. Will I be able to use my EMV card when I travel outside the country?**

For the most part, yes. The U.S. is the last major market still using the magnetic-stripe only card system. Many European countries moved to EMV technology years ago to combat high fraud rates.

**8. When will I receive my First South Financial credit card with an EMV chip?**

If you open a credit card with us on or after October 1, 2014, your card(s) will have the chip. If you are an existing card holder, your chipped card(s) will arrive before your current cards are due to expire. If you would like to upgrade your card(s) before then, please contact us at 901.380.7400, 800.872.3728 or stop by any banking center and we'll be happy to assist you.

**9. Will First South Financial also offer chipped debit cards?**

As soon as our plastics vendor is able to provide us with that solution, we will evaluate it and move forward accordingly.

**10. If I have more questions, what should I do?**

Please feel free to contact us at 901.380.7400 or 800.872.3728, at any banking center, or at mail@firstsouth.com.