



State of North Carolina

Office of the State Controller

LINDA COMBS
STATE CONTROLLER

June 26, 2015

MEMORANDUM

TO: Chief Fiscal Officers
Vice Chancellors
Business Managers

FROM: Anne Godwin *Anne Godwin*
Deputy State Controller

SUBJECT: **EMV Technology for Point-of-Sale Merchants**

As of October 2015, a shift in the fraud liability for all Point of Sale (POS) devices will occur. Please review the POS terminal information available on our [webpage](#). If POS terminals within your agency are unable to utilize the EMV (Europay, MasterCard and Visa) technology, then your agency will be financially liable for any fees and fines associated with a breach. Complete the [Merchant Card POS Terminal Form](#) as soon as possible to begin the process for replacement of existing POS terminals not utilizing EMV for ones that accept EMV technology. Below is additional information on EMV.

What is EMV?

EMV is a fraud-reducing technology that can help protect issuers, merchants and consumers against losses from the use of counterfeit and lost or stolen payment cards at the point-of-sale. EMV cards are embedded with a microprocessor or smart chip that interacts with the merchant's point-of-sale device to make sure that the payment card is valid (with the use of a PIN) and belongs to the person using the card. This kind of chip technology adds layers of security against fraud and is virtually impossible to duplicate.

What is the Timing for EMV in the U.S.?

Starting in 2011, the four major payment brands introduced their roadmaps for EMV technology and encouraged its adoption. In April 2013, the first domestic milestone required processors such as First Data to accept EMV-based payments from merchants. First Data met this milestone and is

approved as a transaction processor by MasterCard, Visa, Discover and American Express in the US and is processing EMV transactions for one large retailer on U.S.–based chip cards. October 2015 will mark the next major milestone where the fraud liability shift for all point of sale devices will take effect.

How does the EMV liability shift affect you?

Currently, POS counterfeit fraud is largely absorbed by card issuers. With the liability shift, if a card with EMV chip technology is presented to a merchant that has not adopted, at a minimum, contact chip terminals, liability for counterfeit fraud will shift to the merchant’s acquirer (First Data). All fees and fines would then be passed to you, the Merchant.

If you have further questions, please contact Taylor Brumbeloe at Taylor.Brumbeloe@osc.nc.gov or Amber Young at Amber.Young@osc.nc.gov. Thank you.

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