



ATMIA USA Report on EMV Related Activities October, 2016

Overview

ATMIA has been involved in the EMV migration process for the benefit of its members from its beginning, having created its own EMV Migration Committee within months of the original announcement by Visa. Since then, we have kept members informed of progress by the EMV Migration Forum cross-industry group, hosted webinars, advocated for reasonable changes to the liability shift dates, and participated in industry events to inform other stakeholders of the ATM channel's challenges.

These activities are outlined below in more detail, along with plans for continuing involvement in the months and years ahead.

ATMIA internal activities

ATMIA became fully engaged in U.S. EMV migration very early in the process and remains so today, in an ongoing effort to help its members navigate the many challenges they are faced with. The graphic below highlights the timeline from the original Visa announcement of their intention to implement a liability shift, to the final liability shifts going into effect next year.



Formation of the ATMIA U.S. EMV Migration Committee

Less than one year after Visa's announcement, ATMIA formed its U.S. EMV Migration Committee. Even the first meeting drew about 30 attendees, and within months the roster grew to over 100 – becoming the largest of all ATMIA USA regional committee groups. The mission of that group was, and still is, to assist ATMIA members by keeping them informed about EMV issues and providing access to relevant educational resources.

ATMIA EMV readiness surveys

MasterCard's announcement of an April, 2013 liability shift for Maestro transactions raised immediate concerns about readiness from the entire industry. At that point, the "debit solution" was far from being ready for implementation – and even if it was close at hand, it would have been impossible for most ATM operators to deploy it. In an effort to highlight those facts for MasterCard, ATMIA launched an effort to survey ATM operators about their current EMV readiness.

In April, 2013, the ATMIA U.S. EMV Migration Committee created a brief survey designed to determine what percentage of operators were ready for the Maestro liability shift, as well as how many even had access to everything they needed to become ready. It was no surprise that only 9% had access to everything they needed and 88% had no ATMs accepting EMV transactions on any network. Nevertheless, MasterCard was undeterred and pushed ahead with the liability shift.

A second and more detailed survey was launched in November, 2014 to measure ATM deployer progress, both independents and financial institutions, in several key areas. And to determine what strategies would be used to complete these major projects. Over half of ATM operators had no EMV capable ATMs. Only the major banks had made real progress. Based on these results and the continued confusion surrounding the debit "solution", ATMIA continued to push for a delay of the domestic ATM liability shifts.

The third and final EMV readiness survey was completed in January of this year, with results published in early March. With one exception, all of the questions were the same as those for the second survey, in order to facilitate comparison of results. It appeared that good progress had been made over the previous year. About 58% of respondents believe they will have at least 75% of their ATMs migrated to EMV by the end of this year.

The final reports of all of these survey results have been of significant interest to ATMIA members and non-members alike. Hundreds of downloads have resulted – and we still see these reports being downloaded 10 months later. A significant level of press coverage was also received, resulting in numerous interviews and additional coverage.

ATMIA and member webinars

ATMIA has hosted a number of its own webinars on various EMV-related topics, as well as participated in and hosted member webinars – including:

ATMIA webinar "Major US ATM Regulatory and EMV Update"

ATMIA webinar "The EMV Liability Shift – What it is and How it can Impact Your Business"

Kahuna/Welch webinar - “An In-Depth Look at EMV at the ATM and How it will impact Financial Institutions”

Kahuna/Welch webinar “The Long Road to EMV - An In Depth Look at EMV for IADs”

ATMIA webinar “Understanding the ATM Liability Shift: A closer look at liability, charge-backs, and process”

Additional internal activities

ATMIA made numerous efforts early in the EMV migration process to press MasterCard for alignment of their liability shift date with that of Visa and other major networks – without success.

Based upon interest expressed by members of the IAD Committee, ATMIA has investigated the feasibility of some sort of insurance coverage for EMV liability. We first looked into this in 2013 and sent out a survey to gather information from members. It appeared that there were an insufficient number of members interested in order to make it of interest to the insurance carriers. The matter was raised again recently. Discussions with insurance carriers were revisited, but there is nothing new to report at this time.

Last year, fraud prevention services being provided free to IADs by MasterCard transitioned to a paid service. Many IADs did not receive notice of this change from MasterCard. ATMIA notified its members of the change and the fact that they would have to opt-out of the service if they did not wish to pay for it.

EMV continues to be a topic discussed frequently on SFI, IAD and Board committee calls. The last IAD Committee call included a presentation by CDS on the liability shift and charge-back issues.

MetaBank has invited ATMIA to participate in its last three client conferences and has discussed EMV issues and concerns.

Even last month’s issue of the USA newsletter led with an article on the liability shift, and included links to educational resources and other updates.

Industry engagement

EMV Migration Forum

ATMIA attended the organizational meeting of the EMF in September of 2012. Noting the lack of any input from ATM stakeholders, we stood up the ATM Working Committee, along with ATMIA members Bank of America, CDS, SHAZAM, and others. And have co-chaired the committee ever since.

The main work product of the group was the “Implementing EMV at the ATM” White Paper, the primary authors of which were also ATMIA members. It has been downloaded thousands of times from the EMF website and ours.

ATMIA members were kept informed about EMF activities through our own EMV Migration Committee meetings. This included regular updates on development of the Common US AID.

ATMIA members had access to other educational resources, including the EMF webinars on “EMV 101” and how best to utilize the “Implementing EMV at the ATM” White Paper. All of those resources have been promoted to ATMIA members.

Most recently, ATMIA has promoted a webinar on instant issuance and a free in-person workshop on implementing EMV at the ATM, held in conjunction with the September EMF (now the US Payments Forum) meeting in Chicago.

Industry events

ATMIA participation in other industry events that addressed EMV topics includes:

Presenting a session at the ATM, Debit, & Prepaid Forum on EMV’s impact on ATM operators

EMV panel discussion of EMV implementation issues at the NY Bankers Association technology conference

EMV panel discussion targeted at late adopters at the Bank Customer Experience Summit

EMV panel discussion on EMV readiness and challenges for the liability shift at the ETA Strategic Leadership Forum

Federal Reserve Board meetings

ATMIA and key members have met twice with the Federal Reserve Board – in 2014 and 2016 – to discuss the deleterious impact of EMV on the ATM channel. This has included discussions of the overarching influence of the global card schemes and the erosion of competition between the networks.

Future involvement

The EMF has changed its focus and rebranded itself as the U.S. Payments Forum. It is expected that tokenization and mobile will be the primary topics being addressed. However, with the majority of ATM liability shifts taking place in 2017, the ATM Working Committee remains in place. ATMIA will continue to participate and co-chair the working committee through August of 2017.

The ATMIA U.S. EMV Migration Committee will also continue its activities. However, some of its focus will shift to post-implementation issues such as reader and card reliability, fall-back, chargebacks, etc.

ATMIA and the MAG have begun work on a position paper that advocates for the EMVco spec to become an international, open standard with public governance. The draft position statement is:

The Merchant Advisory Group (MAG), the ATM Industry Association (ATMIA), and other organizations and industry bodies affixing their signatures below, believe that the EMV® specification should be non-proprietary given the significant and widespread impact of EMV on payments systems across the globe, and that it should be governed by a recognized international standards body, such as ISO, X9, or ANSI.

Constantine Cannon is writing an amicus brief for ATMIA that will be submitted to the Supreme Court for its review of a question regarding the Osborn v Visa case. The impact of EMV is an integral element of those arguments.

We expect to host the U.S. Payment Forum workshop on “Implementing EMV at the ATM” at the 2017 US conference in Orlando. ATMIA will provide the room. The USPF will also market the workshop, which will be open and free to conference attendees and non-attendees alike.