



eStudy

Pulse of the Market: Merchant Survey Findings on EMV Knowledge, Attitudes & Readiness

OpenEdge Research & Development Group

Respondent Business Sizes

1.5% = Large: 200+ employees**4.6%** = Medium: 50-200 employees**93.9%** =
Small: up to 50 employees

Overview

The U.S. has begun migration to the EMV® security standard. The technology is based on a microprocessor (or 'smart chip') that is virtually impossible to duplicate and will change the credit card payment experience. The payments industry is instituting a liability shift in which the party in the payments chain not offering EMV will be considered responsible if fraud occurs.

Nearly all businesses accepting card-present payments will feel the impact of the switch. This survey, conducted by OpenEdge, explores:

- the current state of EMV acceptance
- attitudes on the new payments technology
- knowledge level

The goal is to understand how prepared merchants feel and how the industry is equipping these businesses for the change.

The Survey

In Spring 2015, OpenEdge surveyed 1,011 businesses, representing a wide range of industries and business models. All respondents accept card-present credit or debit card transactions and, therefore, are affected by the shift to EMV chip cards as a payment standard.

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Executive Summary

EMV® Familiarity

A small percentage of businesses are taking EMV payments. Nearly 37% answered that they “did not know” if they were accepting EMV transactions, indicating a lack of understanding and education in the market. Furthermore, most merchants indicated they had “little or no” knowledge of EMV. This speaks to a critical need for the stakeholders – credit card companies, processors, software providers and banks – to adequately prepare merchants for chip card payments.

EMV Preparedness

Responses from merchants, on their sense of preparedness for EMV, closely align with their familiarity. Only a small sample indicated they were prepared, while nearly two-thirds of respondents stated they were “not at all” prepared. Businesses accepting EMV payments will contend with new software, hardware and checkout processes. Payment stakeholders, therefore, will need to set merchants up and train them, in advance.

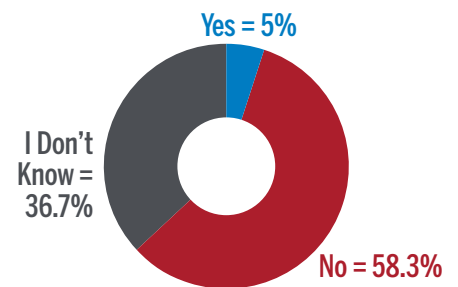
EMV Acceptance: A Snapshot

When asked whether they were presently accepting and processing EMV transactions, merchants responded as expected – a very small percentage takes EMV payments; the majority does not. Larger businesses were more prone to accept EMV.

“I Don’t Know”

Surprisingly, nearly 37% answered that they “did not know” if they were accepting EMV transactions. That’s a telling statistic, indicating a lack of understanding and education in the market. While the industry prepares to adopt smart chip cards as the card-present standard, it’s clear that merchants have not been adequately prepared. Many businesses do not know enough about the technology to even understand whether they are using it. This speaks to a critical need for the stakeholders – credit card companies, processors, software providers and banks – to adequately prepare merchants for chip card payments.

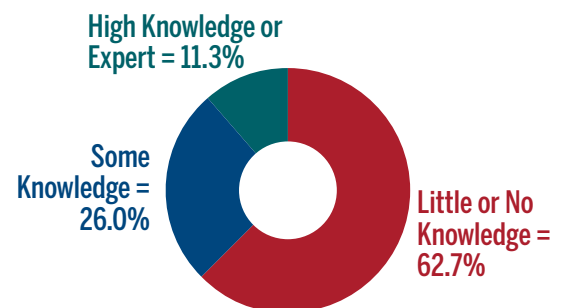
Are You Presently Accepting and Processing EMV Transactions?



EMV Familiarity

In this question, merchants had the opportunity to identify how familiar they were with EMV. It supports the hypothesis that businesses are seriously under-prepared for the new security standard. Small businesses were 60% more likely than large businesses to indicate they possess “little or no knowledge” of EMV.

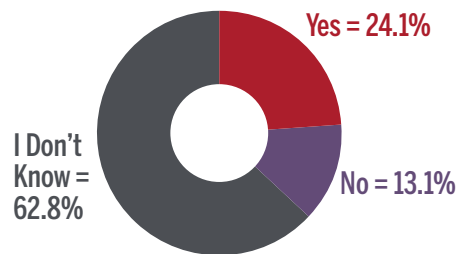
How Familiar Are You With EMV?



EMV & the Law

EMV is not the law. EMV is the result of agreement within the payments industry, in which the liability for a potential card data fraud shifts to the party in the payments chain which did not offer the secure EMV payment option. For example, if EMV is made available by the processor or software developer, and the merchant opts not to accept the smart card payments, liability for a breach can fall to the merchant.

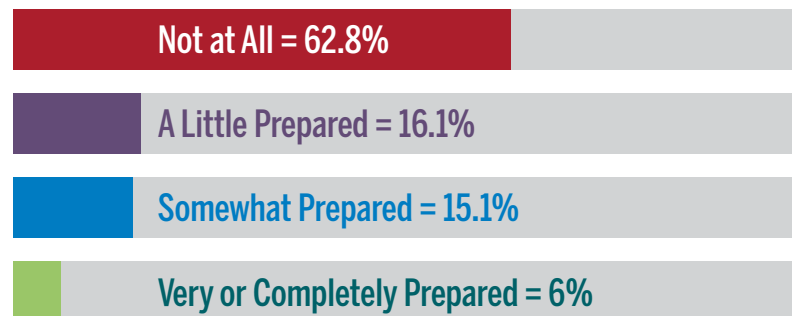
To The Best of Your Knowledge, is EMV the Law?



The vast majority of respondents, across all business sizes, answered this incorrectly or did not know, indicating misinformation or confusion in the market. Seemingly, businesses have some degree of awareness of EMV (it's a high-profile topic in retail circles), but have very little understanding of the details.

EMV Preparedness

How Prepared Do You Consider Your Business for the Switch to EMV?



Naturally, knowledge and preparedness go hand-in-hand. Responses from merchants, on their sense of preparedness for EMV, closely align with their familiarity. Only a small sample indicated they were prepared, while nearly two-thirds of respondents stated they were "not at all" prepared.

Businesses accepting EMV payments will contend with new software, hardware and checkout processes. Payment stakeholders, therefore, will need to set merchants up and train them, in advance. While there is still ample time to get businesses prepared for EMV, the responsible parties will need to take the necessary steps very soon.

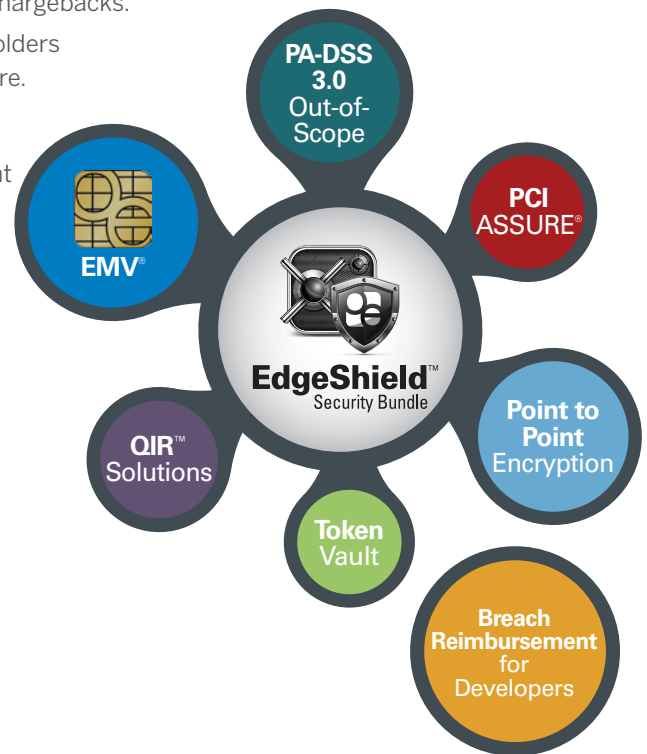
EMV Pre-Certified Solutions from OpenEdge

OpenEdge Has the Swiftest, Simplest Path to EMV

EMV is the coming credit card security standard. This chip-based technology – successfully deployed around the world – will be common in the U.S. soon. The security benefits for developers, merchants and consumers will be significant:

- The EMV smart chip conducts a dynamic transaction, ensuring the same type of data is never sent twice, removing the opportunity for criminals to re-use card information.
- EMV cards are virtually impossible to counterfeit.
- Merchant staff won't handle cards as often, so sensitive information remains with the cardholder, resulting in fewer fraud scenarios and chargebacks.
- As a final barrier against misuse, cardholders verify the information by PIN or signature.

With benefits come challenges. Software developers planning to offer EMV payment options for their customers face complex certifications and device driving. The OpenEdge EMV solution, part of the EdgeShield security bundle from OpenEdge, insulates developers from much of the heavy lifting associated with offering EMV, while giving merchants the tools to accept the new payment method.



OpenEdge & EMV Experience

OpenEdge is the technology innovation division of industry leader, Global Payments. They've deployed EMV in countries around the world. EMV is familiar territory for the security professionals at OpenEdge.



Benefits for Developers

The OpenEdge EMV solution isn't simply a means to get your customers ready to accept EMV payments (it does that, too). Our solution offers a swift, simple way to offer EMV while avoiding the majority of certification work and technically complex device driving.

Shields Developers from Certifications

Developers are required to perform an individual Level 3 EMV certification for every device... for every card brand. For instance – a merchant requiring 3 devices and accepting the 4 major card brands will need 12 separate EMV certifications. New certifications are necessary any time the transaction process changes. Using the EMV solution, OpenEdge security professionals shield you from this expensive and time-consuming requirement. A single integration and you're done.

Eases Complicated Device Driving

While magnetic stripe technology comprises only 2 communications between the hardware and POS, EMV involves 12. OpenEdge easily handles this cumbersome hardware-software interaction.

Swift Implementation

OpenEdge reduces the development time associated with EMV. We'll get your customers ready for EMV swiftly and well ahead of the liability shift.

Future-Proof

Any new technology undergoes a period of adaption and experimentation, incorporating new features over time. Our EMV solution is sophisticated and feature-rich, incorporating trending technologies that will grow in acceptance: Near Field Communication (NFC), Apple Pay, tokenization, point-to-point encryption and more.

Device Flexibility

EMV and magnetic stripe technologies will co-exist for some time; merchant hardware will accept both transaction types. As consumers grow accustomed to payment on different platforms (smart phones, tablets, new mobile devices), we'll be ready.

Ready. Set. Go.

Once EMV terminals are in place, a simple software update enables your customers to accept payments with little effort on your part.



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About OpenEdge

OpenEdge helps software developers and businesses succeed by delivering secure and personalized payment solutions. As the integrated payments division of Global Payments, OpenEdge is driving innovation – adapting, scaling and simplifying how payments are processed, across platforms and points-of-interaction, in an increasingly complex landscape. OpenEdge serves more than 2,000 technology partners across 60 industry verticals throughout the United States and Canada.