

# EMV adoption across the World

The migration to EMV started on May 1<sup>st</sup> 1997, with the first transaction in Basildon, Essex, east of London. We have been migrating to EMV for 18 years and most of the world has fully migrated or is in the process of migrating to EMV chip technology for debit and credit payments.

The main reason for implementing EMV is to reduce fraud. Canada has seen a 98% reduction of fraud during the EMV implementation. All other countries have seen a reduction in fraud. Fraud from cross border cards from the USA is significant. In the USA where EMV is not implemented today, fraud has increased an average of 1% per month for the last 18 months.

Regions such as Canada, Europe and Asia/Pacific continue to mark positive results in the battle against card fraud by moving to Chip and Pin instead of magnetic stripe cards.

The USA is working towards becoming EMV compliant by getting more education & knowledge. But there is still too much confusion surrounding EMV in the USA. The pressure is on the USA to migrate to chip-based credit cards as the deadline approaches. The United States payments landscape is no longer a future of magnetic stripe (MSR) technology, but of EMV Chip & Pin and/or mobile technology payments.



Coming soon >>>

## In The Next Issue

- EMV & PCI compliance comparison
- Merchant-web series
- Our Labs
- Retail survey response summary/result
- An introduction to PPR

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- The 2015 US-EMV liability shift
- Our Services & Solutions Team
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Issue #2: June 2015

A Monthly Insight into the STJ Retail Initiatives and Retail/ Payments Industry...!

# STJ at the C.O.R.E

## Message from Our Founder/CEO



Stephen Braceland

*There is about 60 business days left counting down to the liability shift of October 1, 2015 for the merchants. After attending NRF & IRUG, the message is clear. EMV is coming!*

## The STJ Motto

At the CORE of retail

Over the last 20 years, STJ has broadened its portfolio of services and gained recognition in the retail industry as a reliable Application Management Services (AMS) company for the retail Point of Services (POS) software and electronic Funds Transfers (EFT) market.

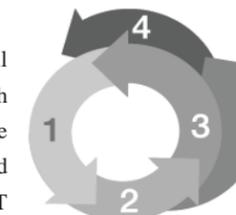
STJ is recognized for its extensive and in-depth knowledge of the retail and payments industry because of its work with both suppliers and retailers.

Therefore the company well positions itself with both retailers and payment service providers as experts and/trusted advisors. Based on its EFT specialization and recognition expertise, STJ is called upon to conduct EMV consulting analysis providing the client with a scope of work for the

EMV certification solution. STJ is well known for its consulting during its early stages of operations and with years of growth STJ has evolved from pure consulting business to a consulting, services and solutions company. Some of the services we offer include integration, QA & testing, full EMV end-to-end merchant certifications,

and maintenance. Under the services banner, the company continues to provide AMS services to its existing client base including areas such as,

integrating loyalty and gift card products into the retailer's application POS mix and upgrading to incorporate other areas to address Multi & Omni channel challenges. Consulting and services led to building products such as EFT Plus US™. EFT Plus US™ is a payment solution that addresses Chip & Pin credit/debit.



### 4 Steps to Success

1. We Listen
2. We Do
3. We Deliver
4. We Care

STJ will soon be delivering EFT Plus™ version V. The years of industry expertise in retail & payments, impeccable alignment & positioning within the retail industry truly makes STJ retail the "Center Of Retail Expertise" or at the "C.O.R.E" of retail.

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At the CORE of Retail

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## Changing Landscape..!

For the past 15-20 years, the payments industry has remained relatively stable with the most significant milestones being the introduction of debit cards and electronic



## EMV/Chip & Pin

EMV is the global standard for the operation of Chip cards, PIN pads & Automatic Teller Machines' (ATM's), and for the authentication of credit & debit payments. EMV comes from the initial letters of Europay, MasterCard and Visa, the three companies that



banking. However, a number of factors have contributed to dramatic changes over the last 5 years, and the impact of these changes will continue well into the near future. Some of these factors include: a) Aggressive movements to reduce payments fraud b) PCI – an increase in the Protection and security around handling of payment information c) The advent of e-wallet & mobile payments & d) EMV-Chip & Pin technology to protect the debit/credit cards at the source, the consumer.

originally cooperated to develop the standard, later joined by JBC, China Pay & Discover.

## PCI PA/DSS & challenges

PCI PA/DSS is a set of comprehensive, global standards designed to provide standards and procedures to organizations that process payments and/or cardholder information to increase security, protection, individual privacy and reduce exposure to fraud.

PCI certification requires a very complex external independent audit, and may be performed internally or externally depending on the size of the retailer and volume of data involved. PCI PA/DSS is a “must have” for retailers transacting debit and credit cards to be certified for Chip & Pin. One of the challenges retailers face is the continuously changing/upgrading standards. At STJ we would provide Retail clients with compliance certificates with our EFT Plus™.

## EMV & PCI compliance comparison

EMV is:

- A technology
- Certification and EMVCo is the governing body
- The objective of EMV is to stop fraud at the source!

## The 2015 US-EMV liability shift

**Chris Braceland**  
VP Marketing  
STJ Retail

According to a recent document by Javelin/Payments Source, Barely 25% of US merchants will be complaint by October 1, 2015. Why? It's not like they didn't know about it. More like they chose to ignore it. Ignorance is bliss!

The biggest challenge merchants face is to convince the CFO that significant funds will be required to build a sustainable solution. IT understands it is a fundamental architecture change and the IT departments need expert help. It should be a collaborative discussion with Marketing, Operations, IT, and Finance. If there is any confusion and requires clarity, bringing in a payments' consultant would be a prudent approach.

Other challenges:

- Over-selling by Payment Apps that are still in development.
- Delivery issues due to the complexity of EMV
- Merchants making tactical decisions rather than strategic based on business objectives
- Losing control and flexibility by being locked in with vendor solutions
- Security with PCI-PA/DSS 3.0 certifications will extend the timeline
- Multi/Omni channel payments

Merchants can: Bring in help to review the entire architecture of the merchant's current payment system and see how it could be improved. Strategically align the IT architecture and solution to the business objectives. Select a tried and proven solution.

ROI's are attainable through a detailed review. For example, the adoption of EMV, the fraud factor for your stores virtually disappears and there are little to no charge-backs to the merchant. One Acquirer had indicated that their fraud, last year (and growing) accounted for more than \$300 Million. Note! Check with your Acquirer and they will provide you with the amount of fraud that went through your stores. The United States total fraud is running ~\$10.2B!! The US is vulnerable to fraud as it is the last country in the world to adopt EMV. There are benefits that may out-weight the costs especially if there is a breach. EMV is not just security for payments; it's a matter of National Security.

The introduction of PPR (Payment Process Re-engineering) methodology has opened up the process and architecture to make change and address considerations for the future of retailing. The results at some retailers have been outstanding. The holistic strategic approach has worked well and EMV is just one new feature required!

## Services & Solutions @ the CORE of Retail & Payments

STJ combines both retail and payments knowledge from a merchant perspective. In doing so STJ has developed a major market differentiator for payment solutions through its services offerings compared to competitive solutions.

**Miguel Stanic**

Service and Solutions Manager

STJ Retail



well with your current system.

Our services also include project management, EMV certification, procuring hardware, managing the service on your hardware in accordance with related service level agreements and providing helpdesk support. From every angle, our services & solutions team has you covered. Give us a call as we are ready to provide you with the information & assistance that is readily available through our friendly & knowledgeable staff.

Our services & solutions team is proud to serve customers across North America but we don't draw the line there as we also have international customers running our software in other countries. So whether you need an EMV payments solution, development of your point of sale system or perhaps just require a specific service from STJ Retail such as project management or helpdesk support, we are ready to provide you with the solution(s) that's right for your company. We are STJ Retail's Services & Solutions team and we are at the CORE of Retail. Payments.



Some of Our Service and Solutions Team



## We are the Merchants Advocate!

Clients consistently value and praise STJ retail level of industry knowledge, trust, objectivity and vision. Since 1995, STJ retail has provided industry consulting, services and solutions to blue chip merchants in retail store and payment systems. In combining both business and technical knowledge, STJ retail consistently delivers above customer expectations and has led a number of advanced initiatives, including pioneering the first national EMV implementation in North America. Our open, middleware based EMV solution makes STJ retail, “The Merchant's Advocate!”