

MANAGING IN TOUGH TIMES

FAMILY FINANCIAL MANAGEMENT

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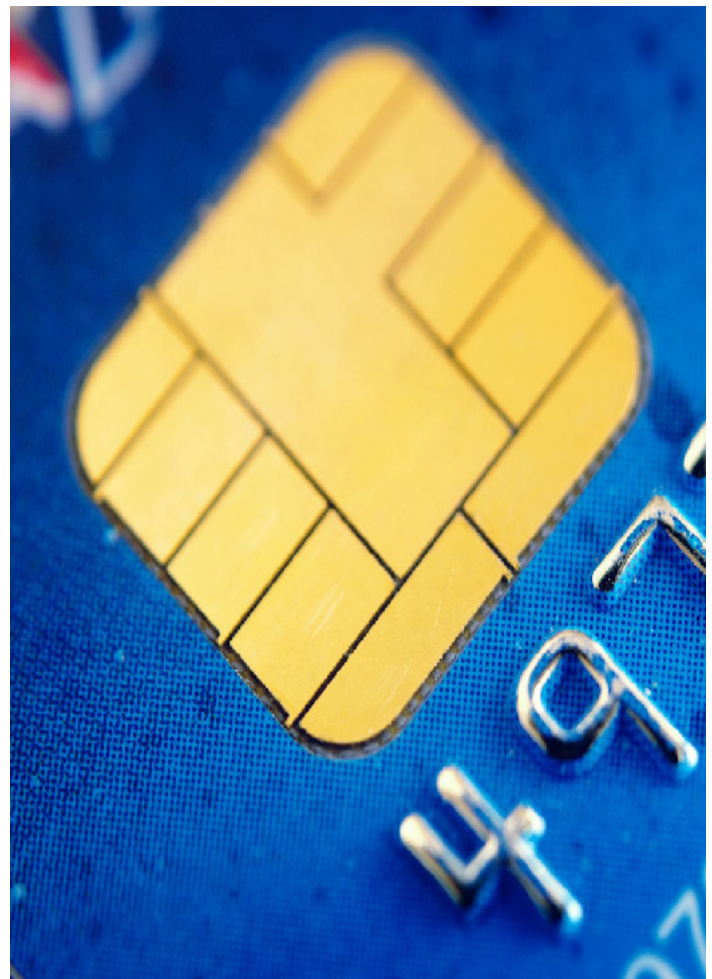
THIS MONTH'S TOPIC:

Changing Credit Card Technology: What You Should Know

Almost half of all credit card fraud in the world occurs in the United States. Consumers have recently become more aware of this problem as a number of large retailers have reported data breaches. Fortunately, credit card companies have taken action.

Surprisingly, compared to other nations, the United States is using outdated credit card technology. The familiar swipe-and-sign system is easier to hack than we would like to think. However, this outdated technology will soon be replaced by a microchip technology known as EMV (Europay, MasterCard, and Visa) that is planned to begin in the fall of 2015.

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EMV microchip stores data more securely



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You may not realize it but many U.S. credit card terminals are already capable of supporting EMV technology. For those businesses that do not have this technology, credit card terminals will gradually be introduced over the upcoming years. Additionally, banks that issue credit cards already have the ability to issue cards with microchips and have been issuing them for years to customers who frequently travel overseas and must use EMV technology.

Whenever new technologies are introduced, consumers often have questions. Below is a general overview of some common questions regarding the unique features of EMV credit card technology:

- **How are EMV cards more secure than traditional credit cards?** Traditional magnetic debit and credit cards store unchanging data. In other words, if someone were to copy the magnetic strip on your card, the information can easily be replicated and used for fraudulent transactions. EMV cards contain a microchip that creates a unique code for each individual transaction. Future data breaches will still occur but will happen much less often.
- **How do I use my EMV card?** EMV cards are “dipped” into a terminal slot. Essentially, you will insert your card into a slot and wait for the transaction to be processed. EMV cards will also support contactless card reading where you will tap your card against a terminal scanner.
- **Will I sign for my purchases?** EMV cards will require you to either sign for your transaction or enter a PIN number. Because many businesses have yet to adopt EMV technology, signatures will remain the dominant form of verification over the next few years. Eventually, credit card users will be assigned a pin that will be entered for all transactions.
- **If I want to use my EMV card at a retailer that does not yet support this technology will I be able to?** Yes! The first rollout of EMV cards will contain both a magnetic strip and microchip to ensure that you are able to make all of your desired purchases.

Whenever a new technology is introduced, consumers often report feeling hesitant to embrace the technology. If you are hesitant or if you have questions, be sure to ask your bank or the company through which your credit cards are issued. Also, keep in mind that as with most technologies, the introduction of EMV credit card technology will be gradual and closely monitored. While new and unfamiliar, EMV technology aims to save you from fraud.



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