

## U.S. Bank Chip Card FAQs for Program Administrators

Here are some frequently asked questions Program Administrators have about the replacement of U.S. Bank commercial cards with new chip-enabled cards. This guide can help ensure your organization is prepared for the transition, that your cardholders all have the information they need, and that your card program continues to function smoothly throughout the migration.

### Explaining Chip Card Technology (EMV)

#### What are “chip cards”? Are they different than “EMV cards?”

These are two different names for the same technology. Chip enabled cards feature embedded microprocessor chips that store and protect cardholder data to prevent certain types of fraud. These new cards are more secure than traditional magnetic stripe cards when used with chip-enabled card readers.

The global standard for chip card payments and acceptance is known as EMV (Europay, MasterCard and Visa) technology, but the cards are more commonly described as “chip cards” or “chip-enabled cards.”

Chip cards are highly resistant to counterfeit card fraud when used with chip-enabled point-of-sale systems. U.S. Bank is adopting them because protecting your cardholders’ personal information is a top priority for us.

#### What are the benefits of chip card technology?

Chip cards can help reduce certain types of fraud. The primary benefit of a chip card is a dramatic reduction in counterfeit fraud at chip-enabled point-of-sale systems (also known as “card present fraud”). Please note that chip cards do not affect the security of online or phone transactions, although chip card account information may be less attractive to thieves.

For cardholders, the chip card provides:

- Enhanced security for in-person (“card present”) transactions when used with chip-card-compatible terminals.
- A stronger verification method that helps protect account information.
- The broadest card acceptance/interoperability around the world.

#### In this guide you will find:

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## Why change card technology now?

Nearly every major economic region outside of the U.S. already uses chip cards. In fact, chip technology has been the standard in Europe, Canada and much of Asia for years. It's estimated that 70% of non-U.S. credit card terminals are already chip card enabled.

The U.S. has the most card volume, so it requires the most time to convert. Switching out cards and payment-processing systems, such as ATMs, registers, vending machines, self-service kiosks and ticket terminals, is an expensive process.

## Is there a law that mandates chip cards?

No. But in October 2015, the major card networks (Visa, MasterCard, American Express and Discover) will shift liability for counterfeit card present fraud to the party that does not support chip cards (either the issuer or the merchant).

The liability shift date for pay-at-the-pump gasoline retailers is two years later (October 2017) because the cost to change card readers embedded in the pumps is far greater than for stand-alone point-of-sale devices.

## Is our company liable for fraud if we do not use chip cards? Are our cardholders?

No. As of October 2015, liability for counterfeit fraud lies with either the issuer or merchant who is least compliant with chip card technology.

- If a chip-enabled card is presented to a merchant that has not adopted chip card terminals, the merchant will be liable for any counterfeit card fraud.
- If a counterfeit magnetic stripe card is presented at a chip-certified terminal, the card issuer will be responsible for any counterfeit card fraud.

## How Chip Cards Work

### How does a chip card work?

The embedded chip stores information required to verify, authorize and process transactions. This is the same type of information that is stored today on the magnetic stripe.

Chip cards and chip terminals work together to ensure a highly secure transaction.

### Are there different types of chip card technology?

Yes, but we only issue one type — “contact” chip cards that must make contact with a card reader at the point of sale. The other type, variously known as “contactless,” “payWave,” “PayPass” or “NFC,” is more common with consumer-oriented transactions.

### What is the difference between chip-and-signature and chip-and-PIN cards?

These refer to methods of verifying a cardholder — either via “preferred” signature or PIN. The issuer of the card determines which method will be primary, as well as any secondary methods that may be allowed.

A chip-and-signature card allows cardholders to verify themselves using their signature and is the most common cardholder verification method in the U.S. market today.

A chip-and-PIN card requires cardholders to enter a PIN to verify each purchase at the point of sale instead of a signature.

U.S. Bank has opted to make signature verification primary. Other issuers may make PIN verification primary.

Although your cards are chip-and-signature, they are also assigned PINs for the unlikely event that a PIN is required at the point of sale. This is quite uncommon, and typically happens only outside the U.S., or at unattended terminals, such as train ticket kiosks, toll booths or parking garages.

### **Does a chip card still have a magnetic stripe on it?**

Yes. Your chip card also has a magnetic stripe on it for use when a card reader or ATM is not chip enabled. You can swipe a chip card at these terminals just as you would use a conventional magnetic stripe card.

### **Will a magnet impact the information stored on a chip, similar to the magnetic stripe?**

No. A magnet has no impact on the information stored on a chip.

### **Do international markets offer cards with both magnetic stripes and chips?**

Yes. It is common for cards in other markets to have both a magnetic stripe and a chip. The magnetic stripe can be used as backup or when the cardholder is traveling somewhere where merchants have not yet converted to chip cards.

### **How does a chip card impact online or phone purchases?**

Chip technology does not affect transactions made over the phone or Internet ("card not present" transactions). Online and phone transactions for chip cards and magnetic stripe cards are processed in the same way.

There are other emerging tools in the marketplace to combat online and phone card fraud that U.S. Bank is currently researching and implementing.

### **Will pay-at-the-pump transactions be different?**

Pay-at-the-pump transactions will be authorized as they are today in the U.S. market. For example, a cardholder may be asked to enter a billing ZIP code. When traveling internationally, a cardholder may be prompted by card readers to enter a PIN.

## **U.S. Bank Support for Organizations and Cardholders**

### **What is the timetable for the replacement of current cards with chip cards?**

U.S. Bank has been issuing chip cards to U.S.-based cardholders who travel internationally since 2013.

As of October 2014, U.S. Bank is replacing its U.S.-based commercial cards with chip cards. Corporate Travel Cards are expected to be 100% chip-enabled by October 2015. One Cards and Purchasing Cards will be replaced by the end of 2017.

### **Why is U.S. Bank issuing chip cards now?**

U.S. Bank is issuing chip cards to provide clients the latest in secure payment technology and to support the shift in financial liability that will take place in October 2015. This is when the card organizations shift responsibility for any fraud resulting from a payment transaction to the party (issuer or merchant) using the least secure technology.

## **What is U.S. Bank doing to support Program Administrators during the migration?**

U.S. Bank will provide informational resources — such as these FAQs and communication templates — to help educate Program Administrators and cardholders. Your U.S. Bank Representative will work with you and keep you informed throughout the process by providing additional tools and resources.

## **Replacement Card Rollout Timing**

### **When will our cardholders begin receiving replacement chip-enabled cards?**

Beginning October 2014, U.S. Bank began replacing certain commercial cards with chip cards. As part of our ongoing migration plan, we have a designated card replacement schedule based on card design (e.g., standard plastics, custom plastics) and product type (e.g., Corporate Travel Card, Purchasing Card, One Card). Based on individual card designs and product types, cards will be replaced at specified times throughout 2015–2017.

Please contact your U.S. Bank Representative for additional details on your organization's replacement schedule or consult the replacement schedule handout provided to you.

### **Can we request replacement chip cards sooner?**

We ask that our clients adhere to the card replacement schedule. However, if there is a specific reason chip cards are required immediately, please discuss this with your U.S. Bank Representative.

## **How Chip Cards Affect Your Organization's Card Program**

### **Our company logo is on our card. Will the chip interfere with it?**

If your card is customized with a logo or custom artwork, your U.S. Bank Representative will contact you directly if any changes are required to accommodate the placement of the chip on the card.

### **Will our organization need to pay for the new chip cards?**

No. U.S. Bank is covering all costs associated with standard card replacement. If you are interested in customizing your new chip cards, please consult with your U.S. Bank Representative to determine additional custom design costs.

### **What information will my cardholders receive related to the chip card?**

Cardholders will receive information on the card mailer, which includes instructions on how to use the new card.

We have also created a cardholder FAQ that specifically addresses PIN usage with chip cards. Please contact your U.S. Bank Representative if you need a copy to share with cardholders.

### **Will my card program have both non-chip and chip-based cards?**

Until replacement is complete, you may have some cardholders with chip cards and some without.

### **What if my program already has chip cards?**

There will be no change for those cardholders.

### **How are “cardless” or ghost account programs impacted by chip cards?**

These programs are not impacted because there is no physical card issued.

### **Will inactive or suspended accounts migrate to a chip card?**

Possibly — it will depend on how long the account has been inactive or suspended. Please consult your U.S. Bank Representative for specific account inquiries.

### **Will our chip cards work with Apple Pay?**

No. At this time, Apple has excluded commercial card products from participating in the Apple Pay program.

## **How to Answer Common Cardholder Questions**

### **Will a chip card look different than a magnetic stripe card?**

Yes. A chip card has a visible chip centered on the left side of the card.

### **Will the account number change when a magnetic stripe card is replaced with a chip card?**

No. When a cardholder receives a new chip card, it will retain the existing card number.

### **How should cardholders activate their new cards?**

Cardholders will need to call the number on their cards and follow the prompts to activate them. Their existing cards will work until the new cards are activated or they reach their expiration dates, whichever comes first.

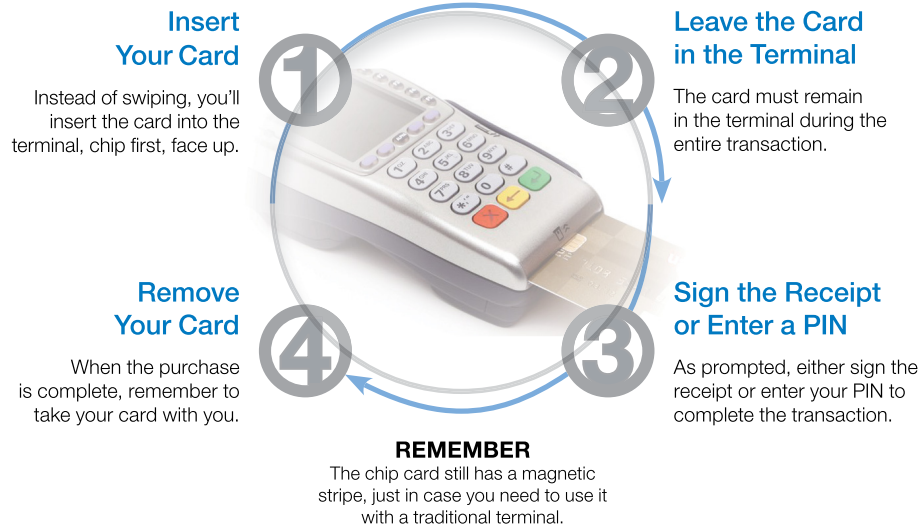
### **How should cardholders use their new chip card?**

Cardholders will experience only minor differences when using their chip card. Instead of swiping the card at a merchant’s terminal, the cardholder inserts (or “dips”) their card into the slot underneath the keypad until it clicks, leaving it in the reader until they see prompts to remove it.

At merchants without chip card readers, the cardholder swipes the card in the same way the old magnetic stripe card was used.

Over time, more merchants will have chip card readers at the point of sale, so this experience will become more common. Several major national retailers are in the process of converting to chip-enabled card readers.

Below is a simple step-by-step graphic that easily explains how cardholders should use their new chip cards. This graphic is included on the card mailer as a reference for cardholders.



### How will card readers prompt cardholders to use their chip cards?

If a chip card is swiped at a chip-enabled terminal, the cardholder will be prompted by the terminal to insert or “dip” it into the card reader instead. The prompt may be text on the point-of-sale display or a beep.

### When will cardholders be prompted to enter a PIN?

In the U.S., a cardholder will rarely be prompted to enter a PIN at a card-enabled point-of-sale device. For U.S. Bank commercial cards, cardholders will verify their identity at the point of sale with a signature, just as they do now.

Outside the U.S., a cardholder may experience a situation when a PIN is required, such as at unattended gas pumps, parking garages, and train and bus stations.

Note: Cardholders who are authorized for cash access will always be required to enter a PIN when using an ATM.

### Will there be an increase in lost cards due to cardholders forgetting to remove their cards from a chip-enabled card reader?

We do not believe there will be an increase in lost or stolen cards due to cards being left in a chip card reader.

To assist cardholders in using their chip cards at chip card readers, we are providing step-by-step instructions on the card mailer, which clearly outline the process for inserting the card into the reader and removing it when the transaction is complete. Please refer to the graphic above.

### Which merchants in the U.S. have chip-enabled terminals?

Each merchant has its own plan to upgrade card readers. We expect to see more merchants in the U.S. adopt this technology over time. Some large national retailers are already updating their systems to accept chip cards.

### How does a cardholder get a PIN?

Cardholders will receive their chip cards and PINs in separate mailings. They typically arrive within 2–3 days of each other. The chip card typically arrives before the PIN mailer; however, there is the possibility that the PIN may arrive prior to the card.

While a PIN is rarely required in the U.S. (U.S. Bank cards use signatures for verification, not PINs), cardholders may be prompted to enter their PIN under certain circumstances when traveling internationally.

## **What happens if a cardholder forgets the PIN?**

If a cardholder forgets the PIN, he or she should contact Customer Service and request the PIN be mailed to him or her. Customer Service does not have the ability to provide a PIN over the phone. Cardholders should expect to receive their PIN via the USPS 7–10 business days after it is requested.

## **More Information**

### **Who can I contact if I have questions about my chip card program?**

If you have questions about your U.S. Bank EMV chip card program, please contact your U.S. Bank Relationship Manager or Account Coordinator, or call Service Point at 877.846.9301 (commercial sector) or 877.846.9302 (public sector). Select option 3 to speak with a representative.