Chip Card Orientation Guide
An Introduction to chip card transition process

Prepared For: Smith College
Date: December 17, 2015
Today’s Discussion

- Payment industry trends and chip card basics
- Our approach to chip card
- Chip card issuance process and program implications
- Next steps – validation of participation
- Q&A
Payment Industry Trends and Chip Card Basics
Trends towards Chip Technology

Evolving Payment Landscape

Credit Card Fraud
- Card skimming
- Counterfeiting

Account Information Security
- Protecting personal information

Acceptance Issues
- New technology adoption

The evolving landscape has driven the need for enhanced payment technologies, such as chip cards

- Contain an embedded microchip, which has the capacity to store information securely*
- Improves security for payments at chip terminals*
- Features to help reduce counterfeit fraud*
- Promotes broader acceptance and flexibility*
- Cardholders who travel internationally are able to use chip cards at more locations*

Source: EVMco, A Guide to EMV Chip Technology, V 2.0 November 2014
Chip technology is the standard in many locations outside the U.S.

- Today, there are over 2 billion active chip cards with access to over 35 million chip terminals
- In many countries, majority of terminals are chip:
  - Europe - 99% of terminals
  - Canada, Latin America, the Caribbean, Africa and Middle East - 85%
  - Across Asia Pacific - 72%

U.S. transition to Chip technology is starting to take shape: October 1, 2015 Liability Shift

- Networks are promoting an industry shift to chip technology, specifically the October 2015 liability shift.
- Gives merchants incentive to switch to chip technology by providing fraud relief for chip transactions; however, this is not a mandate.
- Forecasting suggests that less than 50 percent of U.S. merchant terminals (excluding gas pumps) will be chip-enabled by the end of 2015.

Source: EVMco, A Guide to EMV Chip Technology, V 2.0 November 2014
How Chip Cards Work

Payment Method
Insert Card

Enhanced Data Security*

Networks
Issuers
Payment Systems

Sign or enter your PIN

* Enhanced Data Security: The chip generates dynamic data for every transaction; a unique one-time code that can not be replicated.
Our Approach to Chip Cards

Visit jpmorgan.com/visit/Commercial/ChipCard for reference materials that further explain chip card benefits and usage.
Cardholder Experience: First Steps

**Activation:**
- Call the number on the activation label upon receipt of card
- Follow the prompts to activate card and set a four-digit PIN

**PIN Management:**
- All PIN management is done via automated telephone system, cardholders will not receive an assigned PIN in the mail; they will customize a PIN.
- To re-set a PIN, call the number on the back of the card and follow the prompts
- If a cardholder already has a PIN for other card, that will be the PIN for chip purchases as well (i.e. only one PIN for chip and ATM transactions)

**First Chip Purchases: IMPORTANT**
- After the card is activated and the PIN is set, cardholders will still need to make a few chip purchases at a chip reader that is connected to other systems (i.e. online) in order to sync the PIN to the card for future purchases that will require the PIN.
- In order to do this, we recommend cardholders complete their first two chip transactions where an attendant is available, as these chip readers typically have the needed connectivity.
- If a cardholder chooses to go to a self-service terminal for a first chip transaction (i.e. PIN has not been synced yet, as recommended above), they may be prompted to enter their PIN several times. There is a current mandate from the Networks to move these locations to “no Card Verification Method” minimizing negative experience.
Our chip card is built to promote broad acceptance*, leveraging both signature and PIN authorization methods.

Three methods:

1. Swipe With Signature
2. Chip With Signature
3. Chip With PIN (or no CVM)

Additionally, phone and Internet transactions will work the same way they do today.

*Source: EVMco, A Guide to EMV Chip Technology, V 2.0 November 2014
Chip Card Issuance Process and Program Implications
Transitioning to Chip Card

**Activities**
- Review chip card benefits/usage
- Discuss requirements and your interest to move forward
- Make critical program decisions regarding your transition
  1) Chip Card Plastics
  2) Card Issuance & Delivery
  3) Cardholder Communications and Information Validation

**Target Timing**
- Orientation and Validating your Participation: December

**Kick off and Preparations**
- Reconfirm critical decisions for executing your program transition
- Prepare and distribute cardholder communications
- As necessary, work to update cardholder information and validate data accuracy
- Send targeted cardholder account list for processing (if applicable)

**Card Issuance and Experience Assessment**
- Begin chip card issuance to cardholders with agreed strategy
- Cardholders activate, set a PIN and use the new cards for purchases

**Target Timing**
- December-February
- March-May

* Modifications to recommended timing will require approval
Please note that the following are not supported for Chip Card CA:

- Fleet Plastics / functionality
- Chip Plastics for ghost accounts (cards not intended for Point-of-Sale purchases)
- Customized Card Materials (i.e. insert, label, statement messaging)
- Declining Balance Cards – Note that these can be force reissued to chip cards if desired (but not recommended); expiration dates would be extended out 2-3 years as per standard transition requirements
**Topic 2: Card Issuance Process**

**Card Issuance Process**

**Forced Issuance:**
- Force reissue all cards with chip cards during one targeted month ahead of their existing expiration dates.
- Expiration date changes: month will stay the same, year will be extended.
- Magnetic stripe cards will be deactivated approximately 30 days after chip card issuance (or on their natural expiration date); there is no deadline for activation of new chip card.
- Forced issuance aligns with our broader chip card roll out strategy in 2016; consider implications as need be.

**Card Delivery Validation**

Critical to validate delivery for all chip cards and update special handling codes if needed.
- Direct delivery to cardholder: Cardholder contact information will need to be updated systematically to ensure accurate and timely delivery of cards.
- Bulk delivery: Cards sent to one address for subsequent distribution. If cards are force reissued, high volumes may challenge this option.

**Please note:**
- **Account List:** Your Program Coordinator will work with you to facilitate account list processing. We will need to validate the company number and issuance strategy with you (client) in order to make the manual adjustments to the program/accounts.
- **Interim Cards:** Replacement cards or new accounts issued between orientation and before the official launch of chip issuance for your program (i.e. targeted month), may vary as magnetic stripe or chip cards. Once your organization has passed through final set-up, subsequent cards will all be issued as chip cards; all timing can be confirmed with your program coordinator.
Topic 3: Cardholder Information Validation and Communications

Cardholder Information Validation Opportunity

- Templates (to right) are created to help you with this process. Updates to cardholder information need to be delivered in the account list provided.
- Ensure all cardholders have valid information in their authenticating fields (security identifiers) so that the automated system and customer service can easily identify them.
- Educate your cardholders on the activation process and what security identifiers your organization uses.
- Where possible, leverage platform functionality for required updates.

Communication Templates

Email templates are available to assist you with sharing information with your cardholders:

1. **Welcome**: Inform your cardholders that new chip cards will be issued to them.
2. **Update Cardholder Information**: Direct your cardholders to your internal systems to update their addresses, which will ensure card delivery to the correct location.
3. **Security identifiers**: Educate your cardholders on your organization’s cardholder security identifiers that are used to verify identity in automated telephone systems and to a customer service representative.
Let’s Review and Validate Your Participation

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<th>Program Component</th>
<th>Program Implications and Decisions</th>
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<td><strong>1</strong> Chip Card Requirements (i.e. Chip Plastics / BIN / Materials)</td>
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<tr>
<td><strong>2</strong> Chip Card Issuance Option, Timing and Delivery</td>
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<tr>
<td><strong>3</strong> Cardholder Information Validation and Communications</td>
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Next Steps
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1. Review chip card resources from this site (including the FAQ): jpmorgan.com/visit/Commercial/ChipCard

2. Confirm you would like to transition to chip cards and agree to chip card issuance plan, key decisions, and timelines

3. Customize and distribute cardholder communications

4. Prepare for transition via program updates and cardholder information validation

5. Validate issuance instructions with program coordinator and prepare for issuance (send account list if applicable)

We are here to assist you and provide you with support along the way


### Helping you make the Transition

- **Your relationship resource:** Continued contact for ongoing program questions or needs
- **Your program coordinator:** Day-to-day contact to coordinate activities with your transition, as well as, our operational resources

<table>
<thead>
<tr>
<th>Roles</th>
<th>Smith College</th>
<th>Relationship Resource Peri Kramer</th>
<th>Program Coordinator Dan Marshall</th>
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<tbody>
<tr>
<td>Responsibilities</td>
<td>- Make transition decisions</td>
<td>- Manage transition scheduling</td>
<td>- Day-to-day contact for transition activities</td>
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<td>- Provide organizational requirements</td>
<td>- Ongoing contact for overall program and relationship</td>
<td>- Host meetings to manage project plan, address issues and secure decisions</td>
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<tr>
<td></td>
<td>- Align internal resources</td>
<td>- Guide and support program decisions</td>
<td>- Capture and document requirements</td>
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<td>- Support project management, i.e. data review and submission of account list for conversion (if applicable)</td>
<td>- Help manage issue escalation</td>
<td>- Account list processing</td>
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<td>- Send cardholder communications</td>
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<td>- Liaise as needed with internal bank operational resources</td>
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